

**ALASKA MUNICIPAL BOND BANK  
AUTHORITY  
BOARD OF DIRECTOR'S MEETING**

**TO BE HELD AT THE  
Offices of AIDEA  
813 W Northern Light Blvd  
Anchorage, AK 99503**

**December 15, 2015**

**10:00 A.M. ADT**





333 Willoughby Avenue, 11th floor  
P.O. Box 110405  
Juneau, Alaska 99811-0405

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## **AGENDA FOR BOARD OF DIRECTOR'S MEETING**

**Meeting Place:**  
AIDEA Building  
813 W Northern Lights Blvd.  
Anchorage, AK 99503

**December 15, 2015 at 10:00 a.m. ADT**

- I. Call to Order**
- II. Roll Call**
- III. Public Meeting Notice**
- IV. Approval of Agenda**
- V. Minutes of the September 22, 2015 Meeting of the Board of Directors**
- VI. General Business**
  - A. Kenai Peninsula Borough – Loan Application and Analysis**
  - B. Kodiak Island Borough – Loan Application and Analysis**
  - C. Resolution 2015-05 – Authorizing the Issuance of AMBBA's 2016 Series One**
  - D. FY2015 Audit – Review and Discussion**
  - E. 2015 Series Three Post Sale Summary**
  - F. Executive Directors Report**
- VII. Public Comments**
- VIII. Board Comments**
- IX. Adjournment**

# Notice of Meeting - Alaska Municipal Bond Bank Authority

## Notice of Meeting Alaska Municipal Bond Bank Authority (AMBBA)

The Alaska Municipal Bond Bank Authority will hold a meeting in Anchorage, at the offices of AIDEA, 813 W Northern Lights Blvd., Anchorage, AK 99503, on December 15, 2015 at 10:00 AM ADT. The meeting will include, but is not limited to, the following agenda items:

- *Kenai Peninsula Borough – Loan Application and Analysis*
- *Kodiak Island Borough – Loan Application and Analysis*
- *Resolution 2016-01 – Authorizing the Issuance of AMBBA’s 2016 Series One*
- *FY2015 Audit – Review*
- *2015 Series Three Post Sale Summary*
- *Executive Directors Report*

The public is invited to attend. Individuals who may need special modifications to participate should call 907-465-3750 prior to the meeting.

Dated: November 30, 2015  
Deven Mitchell, Executive Director

### Attachments, History, Details

**Attachments**  
None

**Revision History**  
Created 11/30/2015 11:25:51 AM by soalexander

**Details**  
Department: Revenue  
Category: Public Notices  
Sub-Category:  
Location(s): Statewide  
Project/Regulation #:  
  
Publish Date: 11/30/2015  
Archive Date: 12/16/2015  
  
Events/Deadlines:

333 Willoughby Avenue, 11th floor  
P.O. Box 110405  
Juneau, Alaska 99811-0405



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## **MINUTES for the BOARD OF DIRECTORS MEETING**

### **ALASKA MUNICIPAL BOND BANK AUTHORITY**

September 22, 2015

#### **I. CALL TO ORDER**

Greg Gurseley called the meeting to order at 9:04 AM, Alaska Daylight Time. Members participated at the State Office Building, 333 Willoughby Ave., 11<sup>th</sup> Floor, Juneau, Alaska and by telephone.

#### **II. ROLL CALL**

Michael Lamb  
Luke Welles  
Pam Leary  
Greg Gurseley  
Mark Pfeffer (Unable to attend – Mr. Gurseley acted as Chair for this meeting)

#### **OTHERS IN ATTENDANCE**

- Deven Mitchell, Executive Director, Alaska Municipal Bond Bank
- Ryan Williams, Finance Director, Alaska Municipal Bond Bank
- Cindy Cartledge, Bond Counsel, Wohlforth, Brecht & Cartledge
- Chip Pierce, Financial Advisor, Western Financial Group
- Leslie Isaacs, City Administrator, City of Klawock

III. PUBLIC MEETING NOTICE

A copy of the Online Public Notice concerning the date, location, and purpose of the meeting was reviewed for the record. The public notice was officially published on 9/4/2015 on the official Alaska Online Public Notice website.

IV. APPROVAL OF AGENDA

The agenda was reviewed by the board and approved without objection.

V. MINUTES of the August 11, 2015 Board of Directors Meeting

The August 11, 2015 minutes were reviewed by the board. Ms. Cartledge recommended that references to the 2015-04 resolution include the letter "S" after the resolution number to specify that there was a supplemental document that included the information on surety provider. The minutes of August 11, 2015 meeting were approved as amended with no objections.

VI. GENERAL BUISNESS

*City of Klawock – Loan Application and Analysis*

Mr. Pierce provided a general description of the application credit review for the City of Klawock request for \$1,400,000 for renovating the City's court building, as well as a refunding of an existing USDA Rural Development loan. Mr. Pierce outlined that the City of Klawock is requesting a 25 year loan to fund improvements to Klawock's city owned building that was previously leased to the Alaska State Troopers, and needs renovations to house the Alaska Court System. The State has signed a 15-year lease for the building, and includes two 5-year renewal provisions. The City of Klawock's transaction security is a pledge of lease payments subject to annual appropriation by the State Legislature. Total debt service is estimated at \$90,000, and would decrease after approximately year 15. With most recent state-shared revenues of \$319,000, bond bank debt service coverage of AMBBA debt service from state-shared revenues would be approximately 3.54 times. Estimated present value borrower savings are estimated at \$263,000, and the no litigation letter has been received. Mr. Piece described that this is not a general fund pledge of the City. The City has historically represented a willingness to use general funds for outstanding loan debt service payments, making it relevant to review for this transaction. The

three main sources of revenue for the general fund are sales tax revenues, intergovernmental revenues, and charges for services. Also, the city transfers revenues from the Liquor Store Fund to the General fund, and in Fiscal Year 2014 this amounted to \$200,000. Mr. Pierce presented a graph showing a decline in general fund revenue over the period 2012 through 2014, with City staff reported that this decline is due to the City paying for a Totem Pole Raising Party from 2012-2013, and two capital projects from 2013-2014 (harbormaster building and Carving Shed), with no expectations for upcoming capital projects coming from the fund. The City has implemented a new fringe benefit program that is expected to cut operating expenses by approximately \$70,000 in fiscal year 2016. Certain credit enhancing conditions would need to be implemented, for instance one-sixth / one-twelfth for interest and principal payments respectively. If the State Court vacates the building, the City will use best efforts to find a suitable tenant to replace those revenues. Bond Bank consent will be required prior to the sale of any or all of the building. In event of sale, proceeds of the sale will be first applied toward defeasance of the Bond Bank loan. The State Aid Intercept provision will be embedded in the loan agreement. No additional debt secured by the State lease revenues pledged to this loan will be permitted without consent by the Bond Bank. With the suggested credit enhancements, and state-shared revenue, Mr. Piece recommended approval of the City of Klawock's loan. Mr. Mitchell made a statement further specifying that the application provided in the packet, as well as the credit analysis, includes the USDA loan refinancing. Mr. Welles made a motion to approve the loan application from the City of Klawock for \$1,400,000, and Ms. Leary seconded the motion. Mr. Mitchell conducted a roll call vote, and the motion passed with four yes votes.

*Kenai Peninsula Borough – Updated Loan Analysis (Previous Authorization)*

Mr. Pierce presented an updated loan analysis of the Kenai Peninsula Borough's (KPB) loan request for \$3,050,000 of the initial authorization for not to exceed \$43,000,000 for construction and the equipping of KPB's Specialty Clinic Building, specifically addressing the lack of space for the spine clinic, and space for additional specialties. The term of the loan is 8 years, and revenues pledged to the loan are gross hospital revenues. With KPB's most recent (unaudited) FY2015 pledged revenues of \$144 million, and estimated Bond Bank debt service of \$3.8 million for the specialty clinic loans, coverage is calculated at approximately 37.9 times. With KPB's most recent state-shared revenues (SSR) of \$104.2 million and total bond bank debt service in FY2016 of \$13.96 million, there is 7.47 times coverage from SSR. Estimated borrower savings are \$134,000

gross, and \$118,000 on a present value basis. Mr. Pierce noted that the no litigation letter has been received. Mr. Pierce also mentioned that KPB owns the facilities of the Central Peninsula General Hospital (CPGH) and the land that the facilities occupy. CPGH, Inc. is a 501(c)(3) organization that has operated CPGH on behalf of the Borough since 1998, with the current lease agreement expiring in 2017. A graph was presented with operating revenues of CPGH from the period of 2004 through 2015 with a consistent growth pattern and operating revenues increasing nearly 250% over that time-period. Since 2000, the hospital has increased rates annually an average of 7.38%. Mr. Pierce stated the additional bonds test in the Borough's revenue bond resolution requires that, before additional parity bonds may be issued, KPB must demonstrate that pledged revenues available to pay debt service on the new bonds and on bonds issued on parity with the Bond Bank bonds are sufficient to cover existing and projected debt service by 1.25 times based on revenue collection in any 12 consecutive months of the prior 24 months. Other future capital plans for KPB include approximately \$12 million for solid waste bonds anticipated to be submitted to voters in October 2016. Central Emergency Services is projecting that in FY2019, it will be remodeling Station #1 at a cost of \$8 million. Mr. Pierce recommended the approval of the loan based on the gross revenue pledge showing a high debt service coverage ratio, as well as the Bond Bank's ability to intercept SSR. Mr. Lamb made a motion to approve the updated loan application from KPB for \$3,050,000, and Mr. Welles seconded the motion. Mr. Mitchell conducted a roll call vote, and the motion passed with four yes votes.

#### *Executive Director's Report*

*Mr. Mitchell reported on the following items that were not covered in the September 22, 2015 Agenda:*

Pricing of 2015 Series Three Bonds took place on August 25 and 26. The market was not very cooperative and as a result yields increased on our bonds. This yield shift resulted in the refinancing component of the transaction being dropped for lack of value. The 30 year rate for the University of Alaska's loan was still just over 4%. The bonds were closed in Seattle on 15 and 16 of September.

On August 27 I met with officials from the USDA, AIDEA, YKHC, and other contractors in Washington DC. The purpose of the meeting was to support the request of YKHC for a \$164 million loan for their Bethel hospital project. Feedback from the meeting participants was positive, and I expect YKHC to apply for and be qualified to receive the USDA loan this month.

Ryan and I have had several telephone calls with officials of the Norton Sound Health Corporation. They are interested in using the Bond Bank to fund clinic projects in Savoonga and Gambell.

VII. PUBLIC COMMENTS

There were none.

VIII. BOARD COMMENTS

There were none.

IX. ADJOURNMENT

Mr. Gursey adjourned the meeting without objection at 10:08 a.m.

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Greg Gursey, Vice Chairman



Alaska Municipal Bond Bank  
Application Credit Review Summary Page

Applicant:	Kenai Peninsula Borough (Central Emergency Service Area)
Loan Amount:	Not to exceed \$4,400,000
Project Type:	Emergency equipment acquisitions
Project Description:	The Borough will apply the proceeds of the Bond Bank loan toward the replacement of emergency vehicles that serve the Central Emergency Service Area. The Borough will issue two loans, one that matures in 7 years and another which matures in 15 years. The terms of the loans reflect the asset life of the Emergency equipment to be purchased.
Term of Loans:	7 years / 15 years
Revenues Pledged to Loan:	property taxes
Most Recent FY Pledged Revenues:	\$8,101,647 (Central Emergency Service Area Fund)
Estimated Maximum Annual Debt Service:	\$275 thousand
Total Bond Bank Annual Debt Service:	\$13.35 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$104.2 million
Debt Service Coverage of AMBB DS from SSR:	7.8x
Loan Subject to State Debt Service Reimbursement:	no
Estimated Borrower Savings (Gross):	\$234 thousand
Estimated Borrower Savings (Present Value):	\$192 thousand
No Litigation Letter Received:	yes

# Loan Application Evaluation

## Kenai Peninsula Borough

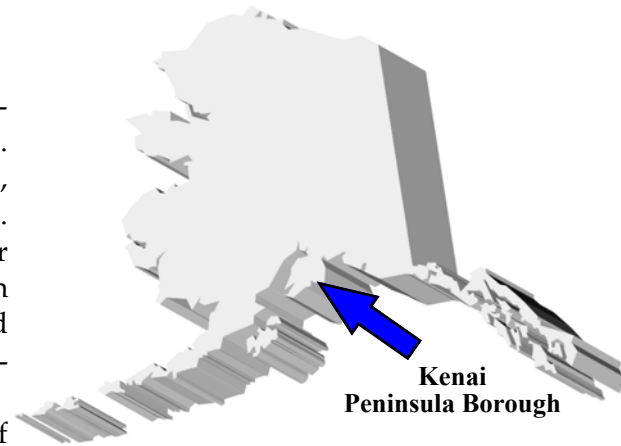
### Introduction

Kenai Peninsula Borough (the “Borough”) has submitted an application to the Alaska Municipal Bond Bank (the “Bond Bank”) on behalf of the Central Emergency Service Area (“CES”) for general obligation bond loans totaling \$4,400,000. The loans will finance the purchase of emergency response vehicles. The Central Emergency Service Area is wholly located within Kenai Peninsula Borough, and accounts for approximately 36% of the Borough’s assessed value and approximately 39% of its population. The following is our overview of this application and the security provisions associated with the loans.

### The Project

A number of the CES emergency vehicles are nearing the end of their useful life. These include fire engines, ladder trucks, ambulances and various utility vehicles. The debt is proposed to be issued in two or more phases, with phase I issued in 2016 in an estimated amount of \$2,750,000 and phase II issued in 2018 or 2019 in an estimated amount of \$1,650,000.

CES voters approved the issuance of general obligation bonds for this project on October 6, 2015 by a margin of 77% to 23%.

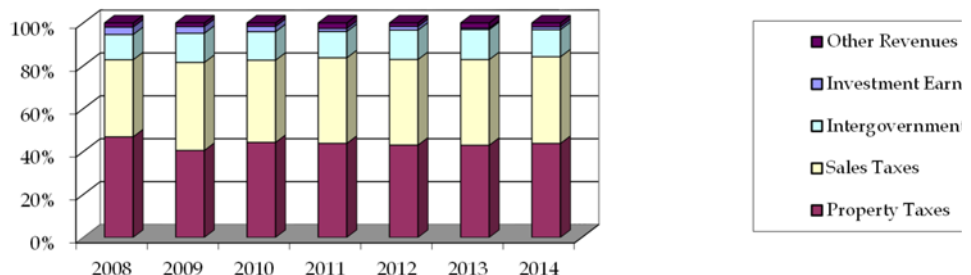


### Borough Financial Position

The Borough’s General Fund derives its revenues primarily from property taxes (43.8% in fiscal year 2014) and sales taxes (40.4% in 2014). Intergovernmental revenues made up 12.7% of General Fund revenues in 2014.

The graph on the below presents the Borough’s stable General Fund revenue distribution over the past seven fiscal years. The graph shows that property taxes have consistently been the primary source of General Fund revenue, accounting for approximately 44% of General Fund resources over the past seven years. Sales taxes are next in importance, averaging approximately 39% during that period. Intergovernmental revenues have averaged 13% over those years.

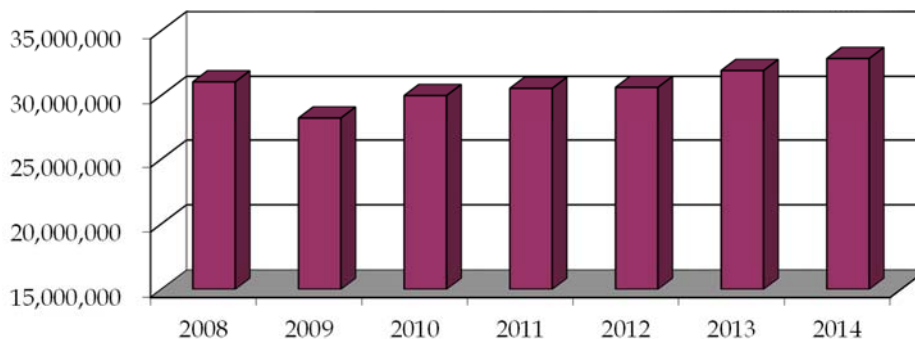
Kenai Peninsula Borough  
General Fund Sources 2008 - 2014



For several years the combination of property taxes and sales taxes have accounted for approximately 80% of the Borough's General Fund revenue sources. Over the past decade the Borough sales tax revenues have increased as a percentage of total General Fund revenues, while property taxes have declined as a percent of the total General Fund.

The graph to the right demonstrates that the primary source of general fund revenues, property taxes, exceeded \$31 million in fiscal year 2008. The subsequent decline in the Borough's property tax collections reflects the reduction in property tax rates from 6.5 mils to 5.5

**Kenai Peninsula Borough  
Property Tax Collections 2008 - 2014**

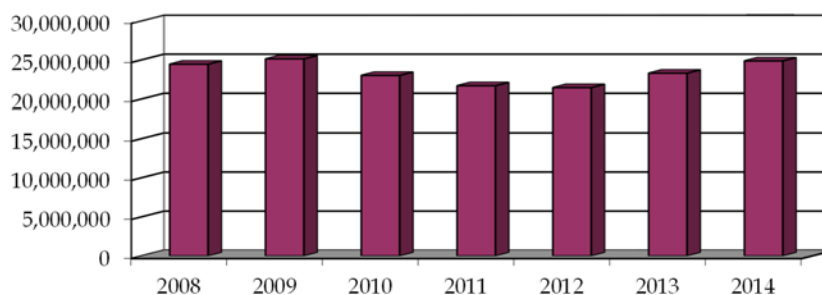


mils in 2008 and then to 4.5 mils in 2009. Property tax rates peaked in the Borough at a level of 8.59 mils in fiscal year 1996.

In 2001 the Borough established a fund balance policy. At that time, the Borough determined that the General Fund balance was in excess of the policy maximum, which led to the property tax rate declines described above. In January 2008 at the same time that the property tax rate was dropped from 6.5 mils to 5.5 mils, the Borough increased the sales tax rate from 2% to 3%. As a result, the General Fund balance grew from \$15.3 million at the end of 2006 to \$25.1 million at the end of 2009. The General Fund balance subsequently declined to approximately \$21.5 million at the end of 2012, but has grown to \$24.9 by the end of fiscal year 2014. At this level, the General Fund year end balance is 34% of General Fund expenditures and transfers, within the Borough policy range of between 30% and 50%.

The fiscal year 2014 total General Fund balance of \$24.9 million was an increase of \$1.6 million from fiscal year 2013. The assigned and unassigned fund balance for fiscal year 2014, not including the amount that was budgeted for fiscal year 2015 expenditures, was \$14.4 million. This compares to the fiscal year 2013 amount of \$15.0 million. This represents 19.6% of the total General Fund expenditures and transfers balance, compared to 20.6% as of June 30, 2013 and 28.4% as of June 30, 2012. The reduction from the fiscal year 2012 amount is mostly attributable to a note receivable from the City of Homer Alaska, which was authorized by the Borough Assembly in fiscal year 2013, for the construction of a natural gas pipeline for which the Borough has reported as nonspendable fund balance in the amount of \$8.9 million. The graph to the right presents the General Fund year-end balance for fiscal years 2008 through 2014.

**Kenai Peninsula Borough  
Ending Fund Balance 2008 - 2014**



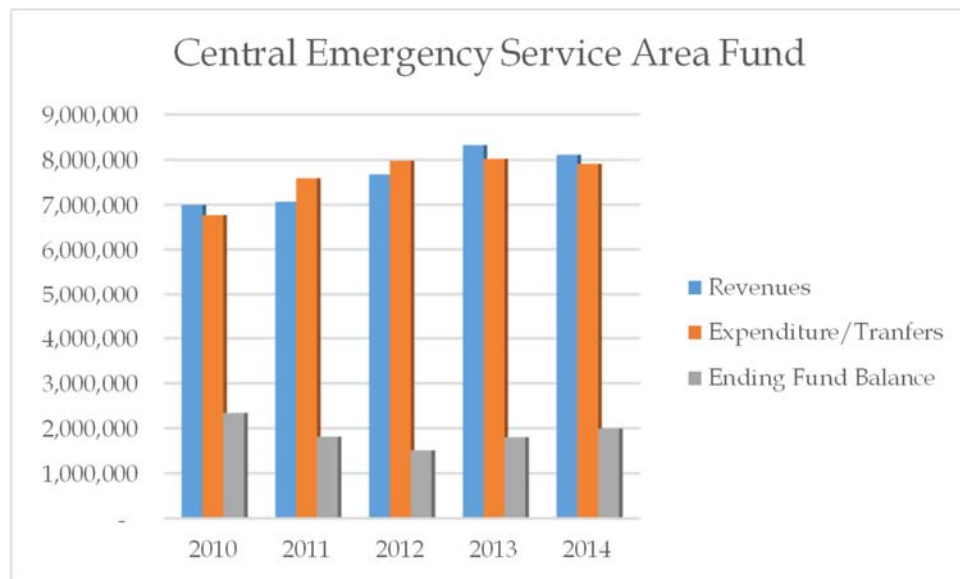
## Central Emergency Service Area Special Revenue Fund

Central Emergency Services is a Kenai Peninsula Borough Fire Service Area. The Borough Assembly manages the Service Area through a service area elected advisory board. Central Emergency Services serves approximately 1,000 square miles, providing fire protection, emergency medical services, and fire rescue for approximately 22,500 residents of the Central Kenai Peninsula Borough in Alaska.

Central Emergency Services is a combination department, consisting of both full time employees and volunteers. Central Emergency Services provides 24 hour staffing at five fire stations, and operates three un-manned sub-stations. Coverage is provided by three rotating 24-hour shifts. The Department consists of administrative staff personnel; the Fire Chief, Deputy Chief, Fire Marshal, Training Officer, a Safety Officer, Emergency Vehicle Technician and an Administrative Assistant. The suppression personnel consist of shift Captains & Firefighter/Engineers. There are also volunteer employees, which augment the career staff in providing response to emergencies. All uniformed personnel are Alaska certified Firefighter I.

The goal of Central Emergency Services is to be the premier combination department in the State of Alaska with a focus on providing quality, professional service to Borough citizens and to maintaining the highest standards of training and education.

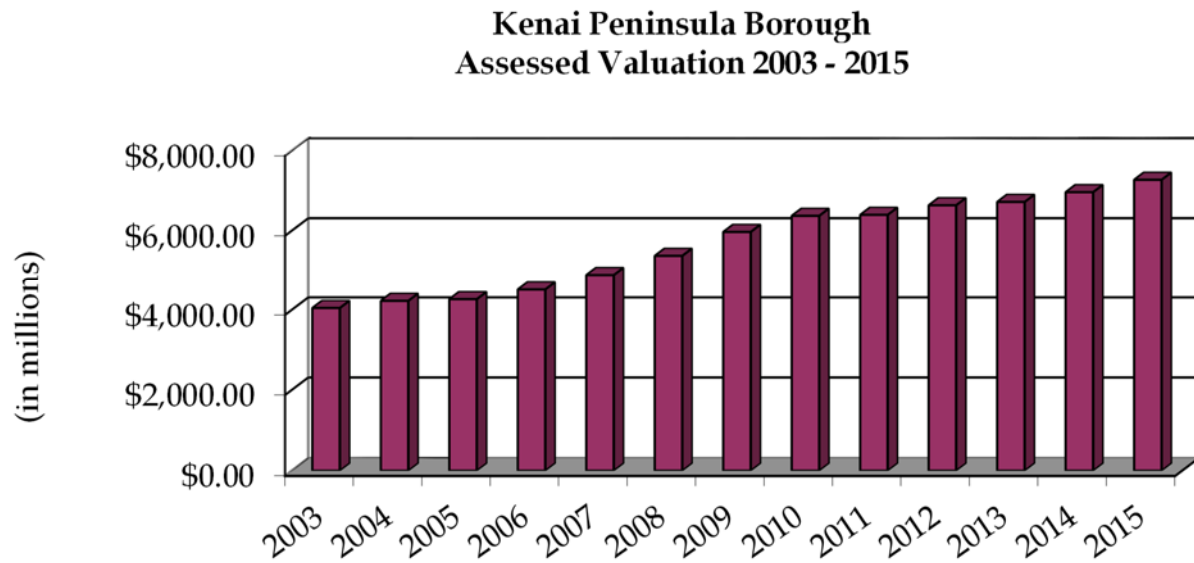
The Central Emergency Service Area fund derives most of its revenue from property taxes. In fiscal year 2014, property taxes accounted for approximately 83% of total revenues. The Fund balance increased \$189,784 or approximately 10.5% in fiscal year 2014, compared to the fiscal year 2013 increase of \$291,104. Expenditures and transfers out totaled \$7,918,455, a decrease of \$114,655 compared to fiscal year 2013. In fiscal year 2013 the service area fund had an increase in its mill rate of .2 mills, which produced an increase in revenues of approximately \$500,000. Due to increases in the number of personnel and their related cost, expenditures increased approximately 38% from fiscal year 2008 to fiscal year 2014. As a result of increasing personnel costs, the service area has determined to utilize some debt financing rather than strictly pay-as-you-go funding to fund capital projects and equipment.



Borough staff report that for fiscal year 2015 the CES Fund's ending fund balance increased from approximately \$2 million to \$2.28 million. Of that total, \$20,000 is assigned for purchase orders and \$2.26 million is restricted for use, with the limitation that the fund balance can only be used for Service Area purposes.

## Security Pledge

The full faith and credit and taxing ability of the Service Area is pledged to the Bond Bank loan. The taxable value of the Service Area is \$2.6 billion. The graph below presents the assessed value Borough over the past 11 years. As stated previously, the land within the Central Emergency Service Area accounts for slightly more than one-third of Borough assessed value.



The Central Emergency Service Area will pledge its general obligation secured by property taxes to the Bond Bank for this loan. CES voters approved the bonds at a general obligation bond election that passed on October 6<sup>th</sup>, 2015.

Assessed value in the Borough has grown at an average of 5.2% annually over the past ten years, although that rate has slowed to slightly over 1% over the past four years.

With the issuance of the Bond Bank's 2016 Series One Bonds, the Borough will have approximately \$116.7 million of general obligation bonds outstanding to the Bond Bank, including the bonds of service areas within the Borough.

## Future Capital Plans

A request for solid waste bonds in the amount of approximately \$12,000,000 is expected to be submitted to the voters in October 2016. If approved, the first series of these bonds would be issued in 2017 or 2018 and repaid over a 6 year period and used to develop a new cell at the Central Peninsula Landfill. The second series is expected to be issued in 2025. Central Emergency Services (CES) is projecting that in FY2019, it will be remodeling Station #1. The estimated cost is approximately \$8,000,000 with funding to be provided from the sale of bonds. These bonds would be the responsibility of the Central Emergency Service Area. No other debt issues are planned by the Borough at this time.

## State-Aid Intercept

In addition to the general obligation pledge by the Borough, the Bond Bank has the ability to intercept state-shared revenues that will otherwise flow to the Borough. The table below summarizes the revenues subject to intercept, along with the maximum annual debt service on Borough's bonds.

<b>Shared Taxes and Fees</b>	<b>\$1,402,081</b>
<b>Dept. of Transportation Reimbursement</b>	<b>\$0</b>
<b>Reimbursement and Other Education Funding</b>	<b>\$2,781,075</b>
<b>Education Support Funding</b>	<b>\$79,544,016</b>
<b>Matching Grants</b>	<b>\$18,385,802</b>
<b>Community Jails</b>	<b>\$0</b>
<b>PILT Transfers</b>	<b>\$0</b>
<b>Revenue Sharing</b>	<b>\$2,124,472</b>
<b>Total Revenue Subject to Intercept</b>	<b>\$104,237,446</b>
<b>Fiscal Year 2016 Debt Service (includes 2016 Loans DS)</b>	<b>\$13,347,898</b>
<b>Debt Service Coverage</b>	<b>7.81</b>

## Estimated Borrower Savings

Savings to the Service Area as a result of borrowing through the Bond Bank are estimated at approximately \$234 thousand or \$192 thousand on a present value basis. Savings are a result of lower costs of issuance that the Service Area will face as a result of issuing through the Bond Bank, as well as lower assumed yields.

## Statement of No Litigation

Accompanying the application from the Borough is a letter from Collette Thompson, the Borough Attorney, stating that "there is no litigation pending or threatened affecting the corporate existence of Borough... or seeking to restrain or enjoin the issuance, sale or delivery the Bonds, or the rights of the Borough to levy or collect taxes pledged to pay the principal of and interest on the Bonds, ... or in any way contesting or affecting the validity or enforceability of the Bonds or the Loan Agreement between the Borough and the Bank..."

## Summary

Based on our assessment, the security offered by Service Area, as set forth in the Borough's loan application and supplemental materials, provides sufficient security to justify approval of the application. The loans are secured by the Service Area's full faith and credit pledge as well as its General Fund. In addition, the loans are secured by the Bond Bank's ability to intercept Borough revenues which adds significantly to the security of the loans.

We recommend approval of this loan application. If you or any of the Board members have any questions regarding our analysis, please feel free to call me at (503) 719-6113.

For Western Financial Group, LLC



Chip Pierce

## **Kenai Peninsula Borough Economic and Demographic Information**

The Borough was incorporated in 1964 as a second-class borough. It occupies a geographic area of approximately 25,600 miles. The Borough is located in the south central part of the state of Alaska. The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class boroughs provide certain services on an area-wide basis to all taxpayers. All other services must be approved by a majority of voters who are to receive the services. This gives taxpayers control over the type and level of services they receive and pay for. Currently, the Borough provides the following area-wide services: assessment and collection of property taxes and sales tax collection for the Borough and cities within the Borough, planning, solid waste disposal, education, senior citizen funding, post secondary education, 911 emergency communications, emergency management and general administrative services. Other services provided by the Borough include fire protection, hospital services, emergency medical and ambulance services, recreation, senior citizen funding, road maintenance, economic development, tourism promotion, and special assessment authority for utility line extensions and road improvement districts. The Borough also has non-area-wide port and harbor powers that are not currently exercised. Funding for the Borough, by order of financial significances, is provided from property tax, sales tax, state revenue, federal revenue, interest earnings, and other sources.

The Borough is home to 8 percent of Alaska's population and 6 percent of its employment. More than 56,000 people live in the Borough. Kenai is accessible by the Sterling Highway to Anchorage, Fairbanks, Canada and the lower 48 states. Scheduled and charter airlines and helicopter services are provided. Ocean-going freighters can be tendered at Seward, Homer and Kenai.

The Borough supports a diverse economy. Employment is concentrated in local government, retail trade, leisure and hospitality, natural resources and health care. Together they represented most of the Borough's employment in 2012.

Oil and gas continues to play a vital role in the Borough's economy, although the players are changing. Large national and multinational companies are being replaced by independents, which has resulted in a resurgence in exploration and production. New players include Buccaneer Energy, Cook Inlet Energy and Hilcorp Energy, which purchased the assets of Chevron in 2012 and Marathon Oil in 2013. This has led to new wells in the Anchor Point and Kenai area, jack up rigs being used throughout Cook Inlet, along with increased exploration in other areas of the Borough, resulting in an increase in assessed value for oil and gas properties. Assessed values for oil and gas properties increased from \$703 million for 2010, to \$989 million in 2013. Increased oil and gas exploration has also had an impact on the Borough's unemployment rate. The unemployment rate has decreased from 10.0% in 2010; to 9.4% for 2011; to 8.4% for 2012, and to 7.7% through July 2013.

**Kenai Peninsula Borough**  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
June 30, 2014

	<b>Nikiski Fire Service Area</b>	<b>Bear Creek Fire Service Area</b>	<b>Anchor Point Fire and Emergency Medical Service Area</b>	<b>Central Emergency Service Area</b>
<b><u>Assets</u></b>				
Cash and short-term investments	\$ 40,818	\$ -	\$ 200	\$ 2,151
Equity in central treasury	6,805,572	213,504	562,666	2,317,294
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	32,391	9,002	24,361	77,420
Accounts receivable	79,705	-	-	211,181
Land sale contracts receivable:				
Current	-	-	-	-
Delinquent	-	-	-	-
Due from other governments	164,759	31,483	6,573	176,178
Prepays	-	-	-	-
Land sale contracts receivable - long-term	-	-	-	-
Total assets	<u>\$ 7,123,245</u>	<u>\$ 253,989</u>	<u>\$ 593,800</u>	<u>\$ 2,784,224</u>
<b><u>Liabilities, Deferred Inflows, and Fund Balances</u></b>				
Liabilities:				
Accounts and retainage payable	31,948	15,900	30,770	76,350
Accrued payroll and payroll benefits	107,711	6,135	11,121	209,299
Due to General Fund	-	-	-	-
Unearned grant revenue	9,925	9,993	10,000	-
Total liabilities	<u>149,584</u>	<u>32,028</u>	<u>51,891</u>	<u>285,649</u>
Deferred Inflows of Resources:				
Prepaid property taxes	2,023,354	21,438	69,586	437,881
Property tax receivable - unavailable	26,475	7,228	20,289	66,006
Land sales - unavailable	-	-	-	-
Total deferred inflows of resources	<u>2,049,829</u>	<u>28,666</u>	<u>89,875</u>	<u>503,887</u>
Fund Balances:				
Nonspendable:				
Prepays	-	-	-	-
Restricted:				
Spruce Bark Beetle program	-	-	-	-
General government	-	-	-	-
Public safety	4,589,369	160,775	411,679	1,959,818
Recreation	-	-	-	-
Roads	-	-	-	-
Committed:				
Outstanding committed contracts	-	-	-	-
Public safety facilities and equipment	-	-	-	-
Assigned:				
Subsequent year's expenditures	334,463	32,520	40,355	34,870
General government	-	-	-	-
Total fund balances	<u>4,923,832</u>	<u>193,295</u>	<u>452,034</u>	<u>1,994,688</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,123,245</u>	<u>\$ 253,989</u>	<u>\$ 593,800</u>	<u>\$ 2,784,224</u>



**Kenai Peninsula Borough**  
Governmental Funds  
Balance Sheet  
June 30, 2014

		Bond Funded		
	General	Capital	Other	Total
<u>Assets</u>	<u>Fund</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Cash and short-term investments	\$ 1,010	\$ -	\$ 45,400	\$ 46,410
Equity in central treasury	15,272,339	-	37,455,739	52,728,078
Receivables (net of allowances for estimated uncollectibles):				
Taxes receivable	6,784,597	-	316,455	7,101,052
Accounts receivable	215,501	-	306,285	521,786
Notes receivable-short term	65,961	-	-	65,961
Land sale contracts receivable:				
Current	-	-	124,682	124,682
Delinquent	-	-	36,982	36,982
Due from other governments	1,274,376	-	6,922,790	8,197,166
Due from special assessment districts	1,279,946	-	-	1,279,946
Due from other funds	1,264,337	-	-	1,264,337
Prepays	790	-	1,500	2,290
Notes receivable-long term	8,878,877	-	-	8,878,877
Land sale contracts receivable - Long-term	-	-	574,012	574,012
Restricted assets - Equity in central treasury	-	22,854,631	-	22,854,631
Total assets	<u>\$35,037,734</u>	<u>\$ 22,854,631</u>	<u>\$ 45,783,845</u>	<u>\$ 103,676,210</u>
<b><u>Liabilities, Deferred Inflows and Fund Balances</u></b>				
Liabilities:				
Accounts and retainage payable	1,157,732	1,768,750	3,436,214	6,362,696
Accrued payroll and payroll benefits	551,845	-	543,870	1,095,715
Due to other funds	-	-	1,264,337	1,264,337
Unearned revenue	2,186	-	1,984,383	1,986,569
Total liabilities	<u>1,711,763</u>	<u>1,768,750</u>	<u>7,228,804</u>	<u>10,709,317</u>
Deferred Inflows of resources:				
Prepaid property taxes	4,894,569	-	4,850,032	9,744,601
Payment in lieu of taxes	2,920,626	-	-	2,920,626
Property tax receivable - unavailable	629,404	-	273,076	902,480
Land sales - unavailable	-	-	735,676	735,676
Total deferred inflows of resources	<u>8,444,599</u>	<u>-</u>	<u>5,858,784</u>	<u>14,303,383</u>
Fund balances:				
Nonspendable:				
Long-term notes receivable	8,878,877	-	-	8,878,877
Prepays	790	-	1,500	2,290
Restricted:				
Landfill closure/postclosure costs	-	-	5,200,828	5,200,828
Spruce Bark Beetle program	-	-	304,921	304,921
General government	80,000	-	600,217	680,217
Public safety	25,020	-	7,739,409	7,764,429
Recreation	-	-	1,751,148	1,751,148
Education	-	17,249,994	-	17,249,994
Solid waste	-	28,336	-	28,336
Roads	-	-	3,064,666	3,064,666
Committed:				
Outstanding committed contracts	45,144	3,807,551	1,750,215	5,602,910
Software upgrades	31,089	-	75,000	106,089
Building maintenance and upgrades	-	-	1,919,311	1,919,311
Public safety facilities and equipment	-	-	2,192,130	2,192,130
Recreational facility maintenance	-	-	384,258	384,258
Solid waste facilities	-	-	494,425	494,425
Road construction and upgrades	-	-	490,696	490,696
Professional services - tax appeals/litigation	166,924	-	-	166,924
Assigned:				
Subsequent year's expenditures	1,251,901	-	619,152	1,871,053
Minimum fund balance policy	13,407,033	-	-	13,407,033
General government	-	-	6,108,381	6,108,381
Unassigned:				
General government	994,594	-	-	994,594
Total fund balances	<u>24,881,372</u>	<u>21,085,881</u>	<u>32,696,257</u>	<u>78,663,510</u>
Total liabilities, deferred inflows and fund balances	<u>\$35,037,734</u>	<u>\$ 22,854,631</u>	<u>\$ 45,783,845</u>	<u>\$ 103,676,210</u>

The accompanying notes are an integral part of the financial statements.



## Application for General Obligation Bonds

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase a revenue bond issue of the applicant. This isn't considered a commitment on the part of the applicant or the Bond Bank. Additional information may be requested before a final recommendation.

### I. General Information

A. Name of Governmental Unit (Applicant):

Central Emergency Service Area (CES)

B. Type of government (home rule, first class, authority, etc.):

A Service Area of the Kenai Peninsula Borough - a 2nd Class Borough

C. Contact Person for the government:

Name:	Craig Chapman	Title:	Finance Director		
Address:	144 N Binkley St	City:	Soldotna	State:	AK
Phone:	(907) 714-2171	Fax:		E-mail:	cchapman@borough.kenai.ak.us
					99611

D. Applicant's Bond Counsel:

Name:	Levesque Law Group & Foster Pepper	Title:	Joe Levesque & Marc Greenough		
Address:		City:	Anchorage	State:	AK
Phone:	907 261-8935	Fax:	206 447-7888	E-mail:	
					99501

E. Applicant's Financial Advisor or Underwriter (if applicable):

Name:	N/A	Title:			
Address:		City:		State:	
Phone:		Fax:		E-mail:	

## II. Issue Information

### A. Total amount of bond purchase request:

approximately \_\_\_\_\_

\$4,400,000

### B. Total term of requested loan:

varies 8-15 years

### C. Preferred principal and interest payment months:

principal  
/interest

interest  
only

### D. If a bond election is required, provide a copy of the bond election ordinance and ballot proposition.

Attachment # 1

If a bond election has been held, provide the votes for and against the issue(s):

Yes:	No:	Percent of registered voters casting ballots:
204	61	18.10%

Does the municipality intend to pledge any specific assets or taxes in addition to property tax?

No

### E. Will you need interim financing?

No

#### 1. If applicable, provide interim financing information:

Amount:	Maturity:	Rate:	Lender:

2. Provide information that would impact the Bond Bank's ability to retire the interim financing with permanent financing. ☐ Attached ☒ None

None

### F. Describe project to be financed, including the information requesting in 1-6. If this information is available in a project feasibility study, you may reference and attach it.

Attachment #2

- Are engineering and specifications completed? ☐ Yes ☒ No
- If not, when are they projected for completion?
- Have construction bids been awarded? ☐ Yes ☒ No
- Are there additional state or local approvals required? ☐ Yes ☒ No
- Describe timing/scheduling plan:

Attachment #2

Attachment #2

6. What is the projected completion date?

Varies

### G. Sources of uses of funds

#### Sources of Funds

Bonds (this application)	\$4,400,000
Federal Funds*	\$
State Funds*	\$
Applicant's Funds	\$
Other (specify)	\$
Total:	\$4,400,000

#### Uses of Funds

Construction	\$4,350,000
Engineering	
Contingency	
Cost of Issuance	\$50,000
Other	\$0
Total:	\$4,400,000

\*If federal or state funds are involved, provide a complete description of the status and uses of these funds.

1. Indicate which costs, including costs of issuance, would be paid for with AMBBA bond proceeds:

all eligible cost of the project would be charged to bond proceeds

### III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds.

Attachment # 3

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? ☐ Yes ☐ No

No

If yes, provide amount of financed, purpose and principal amount outstanding.

\$

C. Are any of the above referenced issues supported by special assessments on benefited property, revenues, user fees or state reimbursement for school construction projects? ☐ Yes ☐ No

No

If yes, please attach details. ☐ Attached

D. Has your government ever failed to meet its debt service coverage requirements or other covenants on general obligation, revenue, or special assessment bonds? ☐ Yes ☐ No

No

If yes, please attach an explanation. ☐ Attached

E. Has your government ever defaulted on any of its general obligation, revenue, or special assessment bonds? ☐ Yes ☐ No

No

If yes, please attach an explanation. ☐ Attached

F. Provide information on the amount, timing, and purpose of any bonds you have authorized by the voters, but not yet issued. ☐ Attached.

attachment # 3

G. Attach your government's forecast on amount, timing, and purpose of future general obligation or revenue bond financing. If this information is available in your long-term plan, provide a copy. ☐ Attached

Attachment # 4

H. Give a brief summary of your local economy. Include major industries and their projections. Describe any positive or negative trends or factors. (If this information is available in an annual report, provide a copy with your application.) ☐ Attached

Attachment # 5

I. Are any of the community's major employers expected to make changes in work force or operations?

Attachment  
5.1

If yes, provide an explanations. ☐ Attached

J. Please provide population figures for your community for the last five years. Indicate the source of your figures.

Year	Population	Source
December 31, 2014	57,147	Alaska Department of Labor
December 31, 2013	56,862	Alaska Department of Labor
December 31, 2012	56,756	Alaska Department of Labor
December 31, 2011	56,369	Alaska Department of Labor
December 31, 2010	55,400	Alaska Department of Labor

L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years. ☐ Attached

Attachment # 6

M. Provide your audited financial statements from the last two years.

Attachement # 7

N. Provide your current year's budget.

Attachement # 8

O. Provide your capital improvement plan.

Attachement # 9

P. Provide any other financial or economic information that will assist evaluation of your application. ☐ Attached

#### IV. Legal Information

A. Provide a certificate of your legal counsel that establishes there is no litigation pending or threatened in any court in

1. affecting the corporate existence of your government, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the applicant to levy and collect taxes pledged or to be pledged to pay the principal of and interest on the bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the bonds or the loan agreement between the applicant and the Bond Bank, or contesting the power of your government or your authority with respect to the bonds; or
2. against your government or involving any of the property or assets of or under the control of your government, which, whether individually or in the aggregate involves the possibility of any judgement or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of your government.

B. An opinion or certificate to the same effect, dated the date of the closing, shall be delivered to the Bond Bank on the date of closing.

C. If any such litigation is pending or threatened, attach a description of the litigation, including caption and case number, description of the relief requested as it pertains to the matters described, and the procedural status of the litigation

To be provided closer to board meeting date

Attachement # 10

The facts and representations in this application and all attachments are true and accurate in all respects and no material facts are omitted to the best of my knowledge

Craig C Chapman

Name (print)

Kenai Peninsula Borough, Finance Director

Title



Signature

October 14, 2015

Date of Application

Please return all applications to:

Deven Mitchell

Alaska Municipal Bond Bank Authority

Department of Revenue

PO Box 110405

Juneau, AK 99811-0405

(907)465-2388 phone

(907)465-2389 fax

deven\_mitchell@revenue.state.ak.us

Alaska Municipal Bond Bank  
Application Credit Review Summary Page

Applicant:	Kodiak Island Borough
Loan Amount:	Approximately \$8,000,000
Project Type:	School improvements
Project Description:	The Borough has received voter authorization for two separate school-related projects. The first relates to a multi-year renovation and expansion of Kodiak High School that was authorized by voters in 2009. The second relates to renewal and replacement projects at several schools around the Borough. Those projects were approved by voters in October 2014.
Term of Loan:	20 years (\$2 million high school project) 10 years (\$6 million renewal and replacement project)
Revenues Pledged to Loan:	property taxes
Most Recent FY Pledged Revenues:	\$12.1 million
Estimated Maximum Annual Debt Service:	\$885 thousand
Total Bond Bank Annual Debt Service:	\$8.9 million
Most Recent FY Debt Service Coverage Ratio:	N/A
Most Recent FY State-Shared Revenues (SSR):	\$38.8 million
Debt Service Coverage of AMBB DS from SSR:	4.36x
Loan Subject to State Debt Service Reimbursement:	Reimbursement at a rate of not less than 60%.
Estimated Borrower Savings (Gross):	\$480 thousand
Estimated Borrower Savings (Present Value):	\$400 thousand
No Litigation Letters Received:	yes

# Loan Application Evaluation

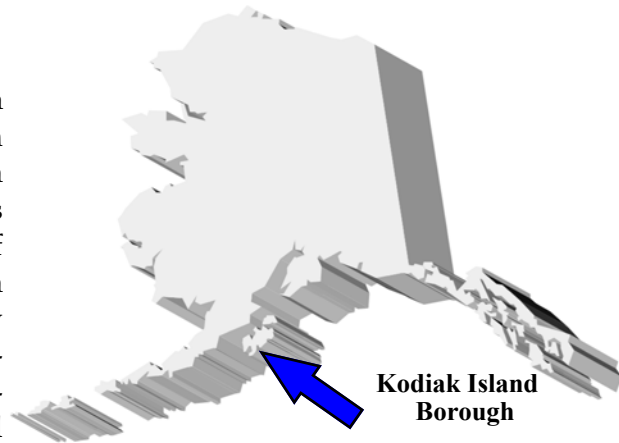
## Kodiak Island Borough

### Introduction

Kodiak Island Borough (the “Borough”) has submitted two applications to the Alaska Municipal Bond Bank (the “Bond Bank”) for General Obligation Bond Loans totaling \$8,000,000. The loan proceeds will be used to renovate and expand the Kodiak High School and to make renewal and replacement improvements to Borough schools.

### Use of the Bond Bank Loan

The Borough will use the \$2 million Bond Bank loan for the continuation of a multi-year Kodiak High School renovation and expansion project. The high school was constructed in 1966 and the last addition of vocational/academic space took place in 1972. Enrollment at the high school is now more than 200 students greater than the facility was designed for. In response, Borough voters approved a \$76.31 million bond measure on October 6, 2009 by a 53.5% to 46.5% margin. The Borough’s 2015 loan from the Bond Bank will be the fifth component of what is a multi-year financing program.

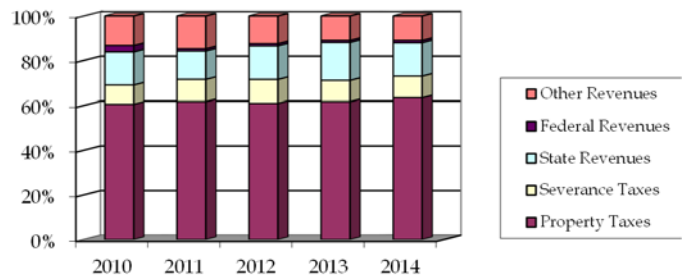


In addition, the Borough will use \$6 million pay for the replacement of worn out parts, playground equipment, underground storage tanks, and installation of energy efficient equipment at twelve Kodiak Island schools. This is the second installment of a \$10.23 million proposition that was approved by Borough voters at an election held on October 7, 2014. The proposition was approved by a margin for 65.9% to 34.1%.

### Borough Financial Position

As of the fiscal year 2012 financial report, the Borough established the Education Support Special Revenue Fund (“ESSRF”). This fund accounts financial support to primary and secondary education in the Borough that was formerly an expenditure in the General Fund. Consequently, the ESSRF receives property taxes that formerly flowed from the General Fund. For the purposes of this report, the General Fund and ESSRF are combined to maintain consistency between the FY 2012 through FY 2014 financial reports and prior financial reports.

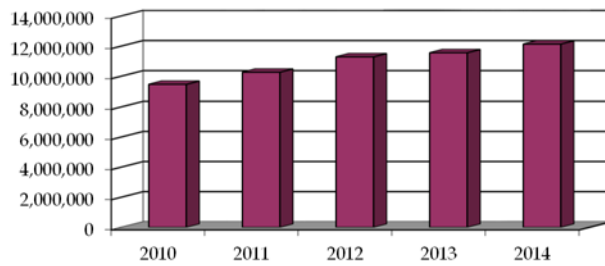
Kodiak Island Borough  
General Fund Sources 2010 - 2014



The General Fund derives its revenues primarily from ad valorem property taxes (63.4% in fiscal year 2014), state-shared revenues (14.9% in 2014) and severance taxes (9.6% in 2014). The graph above presents the



**Kodiak Island Borough  
Property Tax Collections 2010 - 2014**



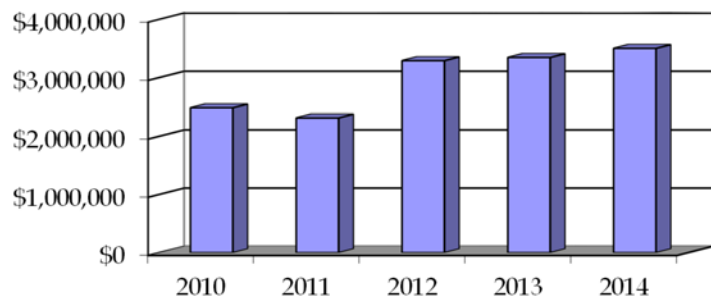
Borough's relatively stable General Fund revenue distribution over the past five fiscal years.

The graph on the previous page shows that property taxes have consistently been the primary source of General Fund revenue, accounting for approximately 61.7% of total General Fund resources over the past five years. State-shared revenues are next in importance, averaging approximately 14.9% over the past five fiscal years. Severance tax

revenues have averaged 9.7% over the past five years.

The graph above demonstrates that the primary source of general fund revenues, ad valorem property taxes, increased from approximately \$11.6 million in 2013 to \$12.1 million in 2014, an increase of approximately 5%. This reflects growth in assessed valuation of real property in the Borough. In addition, the property tax rate in the Borough was 10.50 mils from 2007 through 2011, but was increased to 10.75 in fiscal year 2012 and has remained at that level.

**Kodiak Island Borough  
General Fund Ending Balance 2010 - 2014**

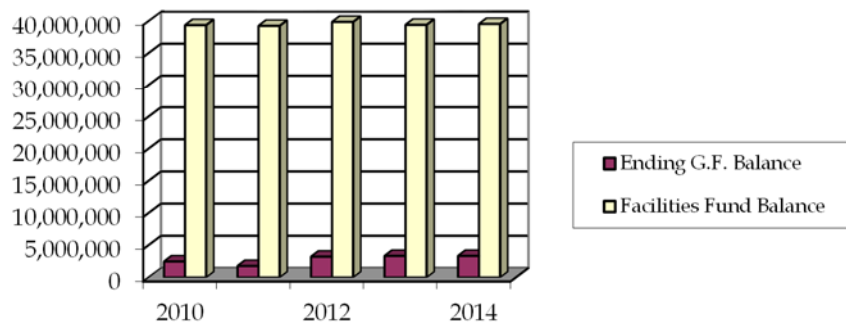


Over the past five years the Borough has maintained the General Fund balance in the range from \$2.3 million to \$3.7 million. As of fiscal year end 2014 the balance stands at \$3.5 million, almost all of which is unassigned.

The Borough maintains a Facilities Fund, which was funded with proceeds for the sale of Shuyak Island to the State. The Borough's objective is to preserve the principal of the Facilities Fund, applying interest earnings (after inflation) toward debt service and for payment of insurance on the Borough's buildings. The ending fund balance of the Facilities Fund as of June 30, 2014 amounted to \$39.5 million. The Borough plans to apply investment earnings on the fund toward payment of the debt service on its general obligation bonds, including these Bond Bank loans.

The graph to the right presents the year end balances for the General Fund and for the Facilities Fund from 2010 through 2014.

**Kodiak Island Borough  
Year End Balance 2010 - 2014 General Fund and Facilities Fund**



## Future Capital Plans

As stated previously, the Borough voters approved the issuance of \$76.31 million of general obligation bonds for improvements and expansions to the Kodiak High School. The 2015 Bond Bank loan will be the fifth issuance under that authorization. The Borough anticipates issuing the balance of the authorized bonds over the next two years. With the sale of the 2016 One Bonds, the Borough's remaining authorization related to Kodiak High School will amount to approximately \$8.3 million. In addition, following the sale of the 2016 One Bonds the Borough will have approximately \$2.5 million of authorization remaining under the school renewal and replacement bond measure approved by voters last year.

## State-Aid Intercept

The Bond Bank has the authority to intercept state revenues that would otherwise flow to an underlying borrower in the event that a borrower failed to make timely payment on a Bond Bank loan. The Bond Bank has never had to utilize this credit feature. The state aid intercept is, however, a significant credit strength. The table below presents the Borough's revenues subject to intercept compared to maximum annual debt service, including the 2016 loans and the Borough's other outstanding general obligation debt held by the Bond Bank.

<b>Shared Taxes and Fees</b>	<b>\$1,614,025</b>
<b>Dept. of Transportation Reimbursement</b>	<b>\$0</b>
<b>Reimbursement and Other Education Funding</b>	<b>\$5,478,067</b>
<b>Education Support Funding</b>	<b>\$26,642,170</b>
<b>Matching Grants</b>	<b>\$4,404,622</b>
<b>Community Jails</b>	<b>\$0</b>
<b>PILT Transfers</b>	<b>\$0</b>
<b>Revenue Sharing</b>	<b>\$699,804</b>
<b>Total Revenue Subject to Intercept</b>	<b>\$38,838,688</b>
<b>Fiscal Year 2016 Debt Service (includes 2016 Loans DS)</b>	<b>\$8,902,661</b>
<b>Debt Service Coverage</b>	<b>4.36</b>

## Estimated Borrower Savings

Savings to the Borough as a result of borrowing through the Bond Bank are estimated at approximately \$480 thousand or \$400 thousand on a present value basis. Savings are a result of lower interest rates and lower costs of issuance than the Borough will face as a result of issuing through the Bond Bank rather than on its own.

## Security and Repayment

The Borough has irrevocably covenanted that it will annually levy taxes, without limitation as to the rate or amount, on all taxable property within its boundaries in an amount sufficient to pay principal of and interest on the Bond Bank loan.

Assessed value in the Borough has grown 44.3% between 2005 and 2014, an average of 4.2% annually over the past ten years. With the sale of this issue, the Borough will have approximately \$100 million of debt outstanding under the Bond Bank's 2005 Resolution.

## Statement of No Litigation

The Borough's application was accompanied by two letters from Joseph N. Levesque of the Levesque Law Group, LLC which serves as the Borough Attorney. Both letters state, in part, "no litigation is pending or threatened ... affecting the corporate existence of the Borough... or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or affecting the validity or enforceability of the bonds ... or... against any of the property or assets of or under the control of the Borough which, whether individually or in the aggregate involves the possibility of any judgment or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of the Borough."

## Summary

Based on our assessment, the security offered by the Borough, as set forth in the Borough's loan applications and supplemental materials provides sufficient security to justify approval of the applications. The Borough's General Fund has demonstrated healthy financial results, and the Borough's Facilities Fund adds significantly to the Borough's ability to repay its loan obligations.

For these reasons, we recommend approval of this loan application. If you or any of the Board members have any questions regarding our analysis, please feel free to call me at (503) 719-6113.

For Western Financial Group, LLC

A handwritten signature in black ink, appearing to read "Chip Pierce", with a stylized flourish at the end.

Chip Pierce

## **APPENDIX**

### **Kodiak Island Borough Demographic Information**

Kodiak Island is located on the eastern side of the Gulf of Alaska. It is 252 air miles south of Anchorage, a 55 minute flight, and is a 3 hour flight from Seattle.

Kodiak Island has been inhabited since 8,000 B.C. and was settled by Russian fur trappers in 1792. Sea otter pelts were the primary incentive for Russian exploration at that time. Kodiak was the first capital of Russian Alaska, which moved to Sitka when Alaska was purchased by the U.S. in 1867. Since the Aleutian Campaign of World War II, several branches of the military have maintained a presence in Kodiak. The 1960s brought growth in commercial fisheries and fish processing. The Borough was incorporated in 1963.

The Island culture is grounded in commercial and subsistence fishing activities and is primarily non-Native. A Russian Orthodox Church seminary is based in Kodiak, one of the two existing seminaries of this kind in the U.S. The Coast Guard comprises a significant portion of the Borough.

Fishing, fish processing, retail, services and the health care industries are the key employers. The Borough has one of the most diverse fisheries in the world, which helps insulate it from downturns in the production of any one fishery. The Coast Guard, City, Borough, state, and federal agencies also provide employment. Kodiak has consistently ranked as the second or third largest port in the nation in terms of seafood value. The labor force of the Borough is dominated by the fishing industry. Approximately one-third of the Borough's workforce is employed in the fish harvesting industry. An important factor in the prominence of Kodiak as a fishing center is the diversity of its harvest. The five major fisheries (salmon, cod, pollock, halibut and crab) provide economic diversification and stabilize the seasonal nature of the fishing industry. Salmon are landed over the summer and most crab are landed in the winter. Halibut is open from March through November. The groundfish season (cod and pollock) are landed throughout the year.

Kodiak is home to several seafood processors that make products directly from landed catch. These products include fresh frozen fish, canned fish and surimi, a fish paste used in making imitation seafood products.

A low-Earth orbit launch complex, Kodiak Launch Complex, is located 30 miles southwest of Kodiak at Cape Narrow. The Complex is used to launch small satellites into polar, high inclination orbits. The \$28-million facility was completed in late 2000.

Communities located within the Borough include: Akhiok, Chiniak, Karluk, Kodiak, Kodiak USCG Station, Larsen Bay, Old Harbor, Ouzinkie, Port Lions, Uganik, and Womens Bay.

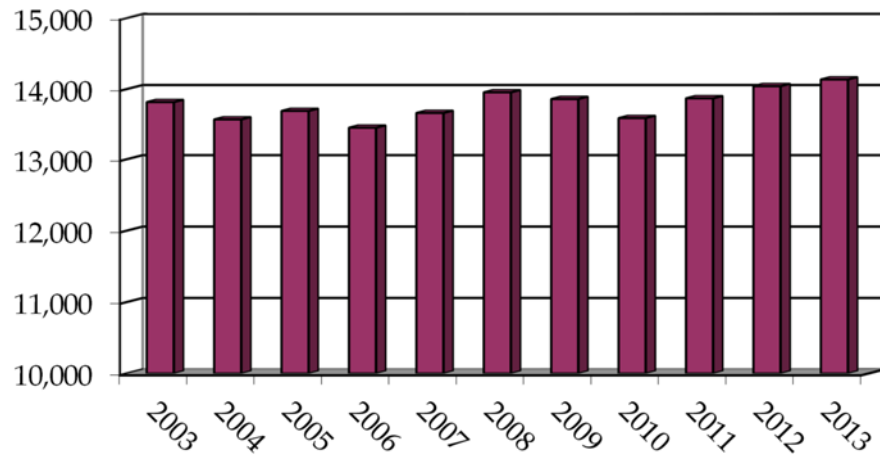
Kodiak is accessible by air and sea. Airports and seaplane facilities serve air traffic island-wide. The Alaska Marine Highway System operates a ferry service from Seward and Homer. Two boat harbors serve commercial and transient vessels. Approximately 140 miles of state roads connect island communities on the east side of the island.

The Kodiak Island Borough School District has an enrollment of approximately 2,700 students. The District operates 7 kindergarten through 12th grade schools in outlying areas of the Borough and 4 elementary schools in and around the City of Kodiak. The District also operates the Kodiak Middle School, Kodiak High School and Kodiak Regional Learning Center.

The graph below shows the Borough's population over the past 12 years. As the graph indicates, the Borough's population over that period has remained quite stable, ranging from approximately 13,600 to 14,000.

---

**Kodiak Island Borough Population  
2003 - 2013**



# KODIAK ISLAND BOROUGH

## Balance Sheet

### Governmental Funds

June 30, 2014

(With summarized financial information for June 30, 2013)

Assets	General	Special Revenue Funds		Education and Health Debt Service Fund	Capital Project Funds		Other Governmental Funds	Totals	
		Education Support	Facilities		Kodiak High School Renovation	Renewal and Replacement Projects		2014	2013
Assets:									
Equity in central treasury	\$ 3,484,048	8,468,311	32,711,895	296,511	28,530,694	464	5,986,374	79,478,297	77,618,660
Receivables:									
State of Alaska	87,465	49,396	—	338,864	70,160	43,838	22,145	611,868	1,284,214
Federal government	205,518	—	—	—	—	—	153,995	359,513	192,177
Property taxes, net of allowance of \$15,828	21,885	170,206	—	33,486	—	2,580	17,776	245,933	183,093
Severance taxes	396,798	—	—	—	—	—	—	396,798	394,984
Land sales contracts	—	—	—	—	—	—	35,465	35,465	3,649
Accounts and other receivables, net	14,740	—	—	—	—	—	37,517	52,257	46,422
Prepaid items	1,459	—	—	—	—	—	—	1,459	61,376
Due from other funds	209,477	—	174,312	—	—	—	—	383,789	3,836,895
Land sales contracts, due after one year	—	—	—	—	—	—	513,765	513,765	5,465
Advances to other funds	—	—	6,716,900	—	—	—	—	6,716,900	4,576,459
Total	\$ 4,421,390	8,687,913	39,603,107	668,861	28,600,854	46,882	6,767,037	88,796,044	88,203,394
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>									
Liabilities:									
Accounts payable	364,037	11,336	—	3,150	2,974,474	11,369	246,977	3,611,343	2,349,953
Accrued compensation and related liabilities	184,241	—	—	—	—	—	—	184,241	91,924
Customer deposits	—	—	—	—	—	—	1,100	1,100	1,250
Due to component unit	—	8,708,251	—	—	—	—	—	8,708,251	5,764,927
Due to other funds	174,312	—	—	—	—	95,072	60,242	329,626	3,773,983
Advances from other funds	—	—	—	—	—	2,745,028	—	2,745,028	25,077
Unearned revenues	—	—	—	—	—	—	134,815	134,815	188,756
Total liabilities	722,590	8,719,587	—	3,150	2,974,474	2,851,469	443,134	15,714,404	12,195,870
Deferred inflows of resources:									
Unavailable revenues	194,852	—	54,163	—	—	—	513,765	762,780	191,040
Total liabilities and deferred inflows of resources	917,442	8,719,587	54,163	3,150	2,974,474	2,851,469	956,899	16,477,184	12,386,910
Fund balances (deficits):									
Nonspendable	1,459	—	—	—	—	—	513,765	515,224	4,643,300
Committed	—	—	39,548,944	665,711	—	—	2,140,474	42,355,129	37,902,356
Assigned	—	—	—	—	25,626,380	—	3,249,119	28,875,499	29,981,503
Unassigned	3,502,489	(31,674)	—	—	—	(2,804,587)	(93,220)	573,008	3,289,325
Total fund balances (deficits)	3,503,948	(31,674)	39,548,944	665,711	25,626,380	(2,804,587)	5,810,138	72,318,860	75,816,484
Total	\$ 4,421,390	8,687,913	39,603,107	668,861	28,600,854	46,882	6,767,037	88,796,044	88,203,394

See accompanying notes to financial statements.



## Application for Bonds

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase a revenue or general obligation bond issue of the applicant. This isn't considered a commitment on the part of the applicant or the Bond Bank. Additional information may be requested before a final recommendation.

I. General Information			
A. Name of Governmental Unit (Applicant):			
Kodiak Island Borough			
B. Type of government (home rule, first class, authority, etc.):			
2nd class borough			
C. Contact Person for the government:			
Name:		Title:	
Karleton Short		Finance Director	
Address:		City:	State: Zip:
710 Mill Bay Road		Kodiak	AK 99615
Phone:	Fax:	E-mail:	
907-486-9320	907-486-9399	<a href="mailto:kshort@kodiakak.us">kshort@kodiakak.us</a>	
D. Applicant's Bond Counsel:			
Name:		Title:	
Marc Greenough and Joe Levesque			
Address:		City:	State: Zip:
1111 Third Ave, Suite 3400		Seattle	WA 98101
Phone:	Fax:	E-mail:	
206-447-7888	206-749-2088	<a href="mailto:GreeM@foster.com">GreeM@foster.com</a>	
E. Applicant's Financial Advisor or Underwriter (if applicable):			
Name:		Title:	
Address:		City:	State: Zip:
Phone:	Fax:	E-mail:	



## II. Issue Information

### A. Total amount of bond purchase request:

\$2,000,000.00

### B. Total term of requested loan: 20 years

### C. Preferred principal and interest payment months: ☒ principal/interest ☐ interest only

### D. If a bond election is required, provide a copy of the bond election ordinance and ballot proposition.

If a bond election has been held, provide the votes for and against the issue(s):

Yes:	No:	Percent of registered voters casting ballots
1281	1114	25%

Does the municipality intend to pledge any specific assets or taxes in addition to property tax? Provide details.  
No

### E. Will you need interim financing? No

#### 1. If applicable, provide interim financing information:

Amount:	Maturity:	Rate:	Lender:

2. Provide information that would impact the Bond Bank's ability to retire the interim financing with permanent financing. ☐ Attached

### F. Describe project to be financed, including the information requesting in 1-6. If this information is available in a project feasibility study, you may reference and attach it.

1. Are engineering and specifications completed? ☒ Yes ☐ No

2. If not, when are they projected for completion?

3. Have construction bids been awarded? ☒ Yes ☐ NO

4. Are there additional state or local approvals required? ☐ Yes ☒

5. Describe timing/scheduling plan: Construction started 4/1/13 and is currently underway.

Project substantial completion is scheduled for 3/1/16. Final completion scheduled for 6/30/16.

6. What is the projected completion date? 6/30/2016



**G. Sources of uses of funds**

<b>Sources of Funds</b>		<b>Uses of Funds</b>	
Bonds (this application)	\$2,000,000	Construction	2,000,000
Federal Funds*	\$	Engineering	\$
State Funds*	\$	Contingency	\$
Applicant's Funds	\$	Cost of Issuance	\$
Other (specify)	\$	Other	\$
Total:	\$2,000,000	Total:	2,000,000

\*If federal or state funds are involved, provide a complete description of the status and uses of these funds.

1. Indicate which costs, including costs of issuance, would be paid for with AMBBA bond proceeds:

The total cost of the project is estimated (budgeted) at \$80,479,000. We are planning to sell a total of \$76,310,000 in General Obligation Bonds with the rest being transferred in from other projects. These other projects were funded by GO Bonds.

### III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds. All information is on file with the Bond Bank

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? No

If yes, provide amount of financed, purpose and principal amount outstanding. \$

C. Are any of the above referenced issues supported by special assessments on benefited property, revenues, user fees or state reimbursement for school construction projects? No

If yes, please attach details. ☐ Attached

D. Has your government ever failed to meet its debt service coverage requirements or other covenants on general obligation, revenue, or special assessment bonds? No

If yes, please attach an explanation. ☐ Attached

E. Has your government ever defaulted on any of its general obligation, revenue, or special assessment bonds? No

If yes, please attach an explanation. ☐ Attached

F. Provide information on the amount, timing, and purpose of any bonds you have authorized by the voters, but not yet issued. ☐ Attached.

G. Attach your government's forecast on amount, timing, and purpose of future general obligation or revenue bond financing. If this information is available in your long-term plan, provide a copy.

☐ Attached All of our anticipated debt is listed in the previous question.

Describe any positive or negative trends or factors. (If this information is available in an annual report, provide a copy with your application.) This information is available in our budget located on our web site at <http://www.kodiakak.us>

Are any of the community's major employers expected to make changes in work force or operations? No

If yes, provide an explanations. ☐ Attached

J. Please provide population figures for your community for the last five years. Indicate the source of your figures.

Year	Population	Source
2010	13,592	State of Alaska
2011	13,870	State of Alaska
2012	14,041	State of Alaska
2013	13,824	State of Alaska
2014	13,797	State of Alaska

L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years. ➔ Attached In Both CAFR and Budget

M. Provide your audited financial statements from the last two years (provide your unaudited statement if an audit hasn't been performed). These reports are available on our website at

N. Provide your current year's budget. The budget is available on our website. <http://www.kodiakak.us/>

O. Provide your capital improvement plan. Our capital improvement plan is part of our budget.

P. Provide any other financial or economic information that will assist evaluation of your application.

☐ Attached

#### **IV. Legal Information**

A. Provide a certificate of your legal counsel that establishes there is no litigation pending or threatened

1. affecting the corporate existence of your government, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the applicant to levy and collect taxes pledged or to be pledged to pay the principal of and interest on the bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the bonds or the loan agreement between the applicant and the Bond Bank, or contesting the power of your government or your authority with respect to the bonds; or

2. against your government or involving any of the property or assets of or under the control of your government, which , whether individually or in the aggregate involves the possibility of any judgement or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of your government.

B. An opinion or certificate to the same effect, dated the date of the closing, shall be delivered to the Bond Bank on the date of closing.

C. If any such litigation is pending or threatened, attach a description of the litigation, including caption and case number, description of the relief requested as it pertains to the matters described, and the procedural status of the litigation

The facts and representations in this application and all attachments are true and accurate in all respects and no material facts are omitted to the best of my knowledge

Karleton Short

Name (print)

Finance Director

Title

Karleton Short

Signature

11-30-2015

Date of Application

Please return all applications to:

Deven Mitchell

Alaska Municipal Bond Bank Authority

Department of Revenue

PO Box 110405

Juneau, AK 99811-0405

(907)465-2388 phone

(907)465-2389 fax

deven\_mitchell@revenue.state.ak.us



## Application for Bonds

A request for the Alaska Municipal Bond Bank Authority (the Bond Bank) to purchase a revenue or general obligation bond issue of the applicant. This isn't considered a commitment on the part of the applicant or the Bond Bank. Additional information may be requested before a final recommendation.

I. General Information			
A. Name of Governmental Unit (Applicant):			
Kodiak Island Borough			
B. Type of government (home rule, first class, authority, etc.):			
2nd class borough			
C. Contact Person for the government:			
Name:		Title:	
Karleton Short		Finance Director	
Address:		City:	State: Zip:
710 Mill Bay Road		Kodiak	AK 99615
Phone:	Fax:	E-mail:	
907-486-9320	907-486-9399	<a href="mailto:kshort@kodiakak.us">kshort@kodiakak.us</a>	
D. Applicant's Bond Counsel: bbbb			
Name:		Title:	
Marc Greenough and Joe Levesque			
Address:		City:	State: Zip:
1111 Third Ave, Suite 3400		Seattle	WA 98101
Phone:	Fax:	E-mail:	
206-447-7888	206-749-2088	<a href="mailto:GreeM@foster.com">GreeM@foster.com</a>	
E. Applicant's Financial Advisor or Underwriter (if applicable):			
Name:		Title:	
Address:		City:	State: Zip:
Phone:	Fax:	E-mail:	

## II. Issue Information

### A. Total amount of bond purchase request:

\$8,250,000.00

### B. Total term of requested loan: 10 years

### C. Preferred principal and interest payment months: ☒ principal/interest ☐ interest only

### D. If a bond election is required, provide a copy of the bond election ordinance and ballot proposition.

If a bond election has been held, provide the votes for and against the issue(s):

Yes:	No:	Percent of registered voters casting ballots
1216	630	22%

Does the municipality intend to pledge any specific assets or taxes in addition to property tax? Provide a copy of the ordinance.  
No

### E. Will you need interim financing? No

#### 1. If applicable, provide interim financing information:

Amount:	Maturity:	Rate:	Lender:

2. Provide information that would impact the Bond Bank's ability to retire the interim financing with permanent financing. ☐ Attached

### F. Describe project to be financed, including the information requesting in 1-6. If this information is available in a project feasibility study, you may reference and attach it.

1. Are engineering and specifications completed? ☐ Yes ☐ No

2. If not, when are they projected for completion?

3. Have construction bids been awarded? ☐ Yes ☒

4. Are there additional state or local approvals required? ☐ Yes ☒

5. Describe timing/scheduling plan: These bonds are for several small projects that will be phased over three years. Design is underway for the first year of projects, with bidding scheduled for spring 2016 and construction summer 2016. The other phases will follow after that.

6. What is the projected completion date? 11/1/2018

**G. Sources of uses of funds****Sources of Funds**

Bonds (this application)	\$8,250,000
Federal Funds*	\$
State Funds*	\$
Applicant's Funds	\$
Other (specify)	\$
Total:	\$8,250,000

**Uses of Funds**

Construction	8,250,000
Engineering	\$
Contingency	\$
Cost of Issuance	\$
Other	\$
Total:	8,250,000

\*If federal or state funds are involved, provide a complete description of the status and uses of these funds.

1. Indicate which costs, including costs of issuance, would be paid for with AMBBA bond proceeds:

The total cost of the project is estimated at \$10,250,000. These expenditures will be completely paid for with GO Bonds.

### III. Credit Information

A. Provide the loan agreements or copies of the cover page of official statements for your government's outstanding bonds. All information is on file with the Bond Bank

B. Has your municipality entered into lease purchase agreements or other financing agreements supported by General Fund revenues? No

If yes, provide amount of financed, purpose and principal amount outstanding. \$

C. Are any of the above referenced issues supported by special assessments on benefited property, revenues, user fees or state reimbursement for school construction projects? No

If yes, please attach details. ☐ Attached

D. Has your government ever failed to meet its debt service coverage requirements or other covenants on general obligation, revenue, or special assessment bonds? No

If yes, please attach an explanation. ☐ Attached

E. Has your government ever defaulted on any of its general obligation, revenue, or special assessment bonds? No

If yes, please attach an explanation. ☐ Attached

F. Provide information on the amount, timing, and purpose of any bonds you have authorized by the voters, but not yet issued. ☐ Attached.

G. Attach your government's forecast on amount, timing, and purpose of future general obligation or revenue bond financing. If this information is available in your long-term plan, provide a copy.

☐ Attached All of our anticipated debt is listed in the previous question.

Describe any positive or negative trends or factors. (If this information is available in an annual report, provide a copy with your application.) This information is available in our budget located on our web site at <http://www.kodiakak.us>

Are any of the community's major employers expected to make changes in work force or operations? No

If yes, provide an explanations. ☐ Attached

J. Please provide population figures for your community for the last five years. Indicate the source of your figures.

Year	Population	Source
2010	13,592	State of Alaska
2011	13,870	State of Alaska
2012	14,041	State of Alaska
2013	13,824	State of Alaska
2014	13,797	State of Alaska

L. Provide assessed valuation and property tax collected for all taxable property within your corporate limits for the past five years. → Attached In Both CAFR and Budget

M. Provide your audited financial statements from the last two years (provide your unaudited statement if an audit hasn't been performed). These reports are available on our website at

N. Provide your current year's budget. The budget is available on our website. <http://www.kodiakak.us/>

O. Provide your capital improvement plan. Our capital improvement plan is part of our budget.



P. Provide any other financial or economic information that will assist evaluation of your application.

☐ Attached

#### **IV. Legal Information**

A. Provide a certificate of your legal counsel that establishes there is no litigation pending or threatened

1. affecting the corporate existence of your government, or the titles of officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the bonds, or the right of the applicant to levy and collect taxes pledged or to be pledged to pay the principal of and interest on the bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the bonds or the loan agreement between the applicant and the Bond Bank, or contesting the power of your government or your authority with respect to the bonds; or

2. against your government or involving any of the property or assets of or under the control of your government, which , whether individually or in the aggregate involves the possibility of any judgement or uninsured liability which may result in any material change in the revenues properties, or assets, or in the condition, financial or otherwise, of your government.

B. An opinion or certificate to the same effect, dated the date of the closing, shall be delivered to the Bond Bank on the date of closing.

C. If any such litigation is pending or threatened, attach a description of the litigation, including caption and case number, description of the relief requested as it pertains to the matters described, and the procedural status of the litigation

The facts and representations in this application and all attachments are true and accurate in all respects and no material facts are omitted to the best of my knowledge

Karleton Short  
Name (print)

Finance Director  
Title

Karleton Short  
Signature

11-30-2015  
Date of Application

Please return all applications to:  
Deven Mitchell  
Alaska Municipal Bond Bank Authority  
Department of Revenue  
PO Box 110405  
Juneau, AK 99811-0405  
(907)465-2388 phone  
(907)465-2389 fax  
deven\_mitchell@revenue.state.ak.us

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**ALASKA MUNICIPAL BOND BANK  
RESOLUTION NO. 2015-05**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF  
GENERAL OBLIGATION AND REFUNDING BONDS, 2016 SERIES ONE  
OF THE ALASKA MUNICIPAL BOND BANK**

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**ADOPTED ON DECEMBER 15, 2015**

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**ALASKA MUNICIPAL BOND BANK  
RESOLUTION NO. 2015-05**

**A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF  
GENERAL OBLIGATION AND REFUNDING BONDS, 2016 SERIES ONE  
OF THE ALASKA MUNICIPAL BOND BANK**

WHEREAS, the Board of Directors of the Alaska Municipal Bond Bank (the “Bank”) by Resolution entitled “A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds; And Providing For The Rights Of The Holders Thereof,” adopted July 13, 2005, as amended (as further defined in Section 102, the “Resolution”), has created and established an issue of Bonds of the Bank; and

WHEREAS, the Resolution authorizes the issuance of said Bonds in one or more series pursuant to a Series Resolution authorizing each such series; and

WHEREAS, the Board of Directors of the Bank has determined that it is necessary and desirable that the Bank issue at this time a Series of Bonds to be designated “Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series One” or as provided in Section 201 (the “2016 Series One Bonds”) to provide moneys to carry out the purposes of the Bank;

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALASKA MUNICIPAL BOND BANK AS FOLLOWS:

**ARTICLE I  
AUTHORITY AND DEFINITIONS**

Section 101- Series Resolution.

This Series Resolution (the “2016 Series One Resolution”) is adopted in accordance with the provisions of the Resolution and pursuant to the authority contained in the Act.

Section 102- Definitions.

In this 2016 Series One Resolution and with respect to the 2016 Series One Bonds:

(1) Unless otherwise defined in Article I herein, all capitalized terms herein shall have the meanings given to such terms in Article I of the Resolution.

(2) “Amendatory Loan Agreements” shall mean (i) the agreement by and between the Bank and the City of Seward, Alaska, amending certain terms of the loan agreement entered into by the parties as of April 1, 2008; and (ii) the agreement by and between the Bank and the City of

Seward, Alaska, amending certain terms of the loan agreement entered into by the parties as of July 1, 2008.

(3) “Approved Bid” shall mean the winning bid submitted for the 2016 Series One Bonds.

(4) “Bank” shall mean the Alaska Municipal Bond Bank (in the Act also referred to as the “Alaska Municipal Bond Bank Authority”).

(5) “Beneficial Owner” shall mean the person in whose name a 2016 Series One Bond is recorded as the beneficial owner of such 2016 Series One Bond by the respective systems of Depository Trust Company and Depository Trust Company Participants or the Holder of the 2016 Series One Bond if the 2016 Series One Bond is not then held in book-entry form pursuant to Section 206.

(6) “Bond Year” shall mean each one-year period that ends on an anniversary of the date of issue of the 2016 Series One Bonds.

(7) “Chairman” shall mean the chairman of the Board of Directors of the Alaska Municipal Bond Bank Authority (also known as the “Alaska Municipal Bond Bank”).

(8) “Code” shall mean the Internal Revenue Code of 1986, together with all regulations applicable thereto.

(9) “Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate executed by the Bank and dated the date of issuance and delivery of the 2016 Series One Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

(10) “Depository Trust Company” or “DTC” shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

(11) “Depository Trust Company Participant” or “DTC Participant” shall mean a trust company, bank, broker, dealer, clearing corporation and any other organization that is a participant of Depository Trust Company.

(12) “Escrow Agent” shall mean The Bank of New York Mellon Trust Company, N.A.

(13) “Escrow Agreement” shall mean the agreement entered into by and between the Bank and the Escrow Agent, dated the date of issuance of the 2016 Series One Bonds, securing payment for the Refunded Bonds.

(14) “Excess Investment Earnings” shall mean the amount of investment earnings on gross proceeds of the 2016 Series One Bonds determined by the Bank to be required to be rebated to the United States of America under the Code.

- (15) “Financial Advisor” shall mean Western Financial Group, LLC.
- (16) “Letter of Representations” shall mean the Blanket Issuer Letter of Representations dated May 2, 1995, from the Bank to DTC, a copy of which is attached hereto as Appendix A, and the operational arrangements referred to therein.
- (17) “Loan Agreement” shall mean, collectively, the agreements (a) by and between the Bank and the City of Klawock, Alaska; (b) by and between the Bank and the Kenai Peninsula Borough, Alaska; and (c) by and between the Bank and the Kodiak Island Borough, Alaska, each pertaining to the repayment of a Loan to the Governmental Unit as provided for herein.
- (18) “New-Money Portion” shall mean the 2016 Series One Bonds and the proceeds thereof other than the Refunding Portion.
- (19) “Notice of Sale” shall mean the official notice of sale and bidding instructions substantially in the form attached to this 2016 Series One Resolution as Appendix D, together with any supplements and amendments thereto.
- (20) “Preliminary Official Statement” shall have the meaning assigned thereto in Section 211.
- (21) “Record Date” shall mean fifteen days preceding each interest payment date with respect to the 2016 Series One Bonds.
- (22) “Refunded Bonds” shall mean at the request of the City of Seward, some or all of the 2008 Series One Bonds stated to mature on April 1, 2019 through April 1, 2033 and of the 2008 Series Two Bonds stated to mature on June 1, 2019 through June 1, 2038 that the Chairman or the Executive Director designates to be refunded pursuant to Section 304 of this 2016 Series One Resolution.
- (23) “Refunding Portion” shall mean the 2016 Series One Bonds and the proceeds thereof allocable to the Loan to the City of Seward and to the refunding of a portion of the outstanding 2008 Series One Bonds and a portion of the outstanding 2008 Series Two Bonds.
- (24) “Resolution” shall mean the General Bond Resolution adopted by the Board of Directors on July 13, 2005, as amended by a Supplemental Resolution, Resolution No. 2009-03, adopted by the Board of Directors on May 28, 2009 and effective on August 19, 2009; and by a First Supplemental Resolution, Resolution No. 2013-02, adopted by the Board of Directors on February 19, 2013, the amendments in which are effective after all Bonds issued prior to February 19, 2013 are no longer outstanding and the requirements of such First Supplemental Resolution are satisfied.
- (25) “Surety Bond Issuer” shall mean the monoline insurance company, if any, selected by the Chairman or the Executive Director to provide 2016 Series One Credit Enhancement.

(26) “2008 Series One Bonds” shall mean the \$20,530,000 aggregate principal amount of the outstanding General Obligation Bonds, 2008 Series One, maturing on April 1 of 2019 through 2033.

(27) “2008 Series Two Bonds” shall mean the \$4,840,000 aggregate principal amount of the outstanding General Obligation Bonds, 2008 Series Two, maturing on June 1 of 2019 through 2038.

(28) “2016 Series One Bonds” shall mean the Bonds authorized in Article II hereof.

(29) “2016 Series One Credit Enhancement” shall mean the surety bond, if any, issued by the Surety Bond Issuer on the date of issuance of the 2016 Series One Bonds for the purpose of satisfying a portion of the Reserve Fund Requirement.

(30) “2016 Series One Credit Enhancement Agreement” shall mean the agreement between the Bank and the 2016 Series One Credit Enhancement Issuer, if any, substantially in the form of the agreement entered into by the Bank and the issuer of the surety bond delivered in connection with the issuance of the 2015 Series Three Bonds.

(31) “Underwriter” shall mean the initial purchaser, or representative of the purchasers (if more than one underwriting firm acts collectively), of the 2016 Series One Bonds.

(32) “USDA Loan” shall mean the loan made by the U.S. Department of Agriculture to the City of Klawock.

## ARTICLE II AUTHORIZATION OF 2016 SERIES ONE BONDS

### Section 201- Principal Amount, Designation and Series.

Pursuant to the provisions of the Resolution, a series of Bonds designated as “Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series One” is hereby authorized to be issued in an aggregate principal amount not to exceed \$45,000,000. The Chairman or the Executive Director is hereby authorized to change the designation of the 2016 Series One Bonds (i) if proceeds of the 2016 Series One Bonds are not used to refund any Refunded Bonds and/or (ii) to allow for the sale of the 2016 Series One Bonds to be combined and sold with other Bonds authorized by a Series Resolution and approved by the Board of Directors of the Bank.

### Section 202- Purposes.

The purposes for which the 2016 Series One Bonds are being issued are (i) to make Loans to the Governmental Units to the extent and in the manner provided in Article III; (ii) to refund the portions of the Outstanding 2008 Series One Bonds and 2008 Series Two Bonds that the Chairman or the Executive Director designates to be refunded pursuant to Section 304 of this 2016 Series One Resolution; and (iii) to satisfy the Reserve Fund Requirement as provided in Article III of this 2016 Series One Resolution.



#### Section 203- Date, Maturities and Interest Rates.

The 2016 Series One Bonds shall be dated the date the 2016 Series One Bonds are delivered to the Underwriter, subject to the terms and conditions set forth in this 2016 Series One Resolution and in the Notice of Sale. Subject to adjustment as provided for in this Section 203, the 2016 Series One Bonds shall mature, or have Sinking Fund Installments due, on the 1st day of April in each of the years and in the principal amounts set forth in the Notice of Sale.

Notwithstanding the foregoing, the aggregate principal amount, the principal amount of each maturity and the amount of each Sinking Fund Installment, if any, the maturity dates and the interest rates of the 2016 Series One Bonds shall be fixed and determined by the Chairman or by the Executive Director at the time the Approved Bid for the 2016 Series One Bonds is accepted pursuant to Section 210 hereof, but subject to the limitations set forth in Section 201 hereof.

#### Section 204- Interest Payments.

The 2016 Series One Bonds shall bear interest from their dated date, payable on each April 1 and October 1, commencing April 1, 2016 (or such other date or dates as may be fixed and determined by the Chairman or the Executive Director at the time the Approved Bid is accepted); computed on the basis of a 360-day year composed of twelve thirty-day months.

#### Section 205- Denominations, Numbers and Other Designation.

The 2016 Series One Bonds shall be issued in registered form in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of the 2016 Series One Bonds authorized herein. The 2016 Series One Bonds shall be numbered serially with any additional designation that the Chairman or the Executive Director deems appropriate.

#### Section 206- Securities Depository.

(1) The 2016 Series One Bonds shall be registered initially in the name of “Cede & Co.,” as nominee of DTC, and shall be issued initially in the form of a single bond for each maturity and interest rate, in the aggregate principal amount for such maturity and interest rate. Transfers of ownership of the 2016 Series One Bonds or any portions thereof, may not thereafter be registered except transfers (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository or such substitute depository’s successor; or (iii) to any person as provided in paragraph (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Bank that it is no longer in the best interest of Beneficial Owners to continue the system of book-entry transfers through DTC or its successors (or any substitute depository or its successor), the Bank may appoint a substitute depository or provide that 2016 Series One Bonds no longer be held by a depository and instead be held as provided in paragraph (4). Any substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of paragraph (1) above, the Trustee shall, upon receipt of all Outstanding 2016 Series One Bonds, together with a written request of an Authorized Officer and a supply of new 2016 Series One Bonds, authenticate a single new 2016 Series One Bond for the Outstanding 2016 Series One Bonds of each maturity and interest rate, registered in the name of such successor or such substitute depository, or its nominee, as the case may be, all as specified in such written request.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Bank determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates, the ownership of 2016 Series One Bonds may then be transferred to any person or entity as provided in the Resolution and such 2016 Series One Bonds shall no longer be held in book-entry form. An Authorized Officer shall deliver a written request to the Trustee to authenticate 2016 Series One Bonds as provided in the Resolution in any authorized denomination, together with a supply of definitive Bonds. Upon receipt of all then Outstanding 2016 Series One Bonds by the Trustee, together with a written request of an Authorized Officer to the Trustee, new 2016 Series One Bonds shall be issued and authenticated in such denominations and registered in the names of such persons as are requested in such written request.

(5) For so long as the 2016 Series One Bonds are held in book-entry form under this Section, the Bank and the Trustee may treat DTC (or its nominee) or any substitute depository (or its nominee) as the sole and exclusive registered owner of the 2016 Series One Bonds registered in its name for the purposes of payment of principal or Redemption Price of and interest on such 2016 Series One Bonds, selecting such 2016 Series One Bonds, or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Resolution (except as otherwise provided pursuant to Section 608 of this 2016 Series One Resolution), registering the transfer of such 2016 Series One Bonds and obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Bank nor the Trustee shall be affected by any notice to the contrary. Neither the Bank nor the Trustee shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the 2016 Series One Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books of the Trustee as being a registered owner, with respect to the accuracy of any records maintained by DTC or any DTC Participant (or by any substitute depository or participant); the payment by DTC or any DTC Participant (or by any substitute depository or participant) of any amount in respect of the principal or Redemption Price of or interest on the 2016 Series One Bonds, any notice that is permitted or required to be given to Bondholders under the Resolution, the selection by DTC or any DTC Participant (or by any substitute depository or participant) of any person to receive payment in the event of a partial redemption of the 2016 Series One Bonds, or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay from money available under the Resolution all principal and Redemption Price of and interest on 2016 Series One Bonds only to or upon the order of DTC of the 2016 Series One Bonds are then requested to DTC or its nominee, and all such payments shall be valid and effective to fully satisfy and discharge the Bank's obligations with respect to the principal or Redemption Price of and interest on the 2016 Series One Bonds to the extent of the sum or sums so paid.

#### Section 207- Places and Manner of Payment.

For so long as all Outstanding 2016 Series One Bonds are registered in the name of Cede & Co. or its registered assigns, payment of principal and interest thereon shall be made as provided in the Letter of Representations and the operational arrangements referred to therein as amended from time to time. In the event that the 2016 Series One Bonds are no longer registered in the name of Cede & Co. or its registered assigns or to a successor securities depository, (i) payment of interest on the 2016 Series One Bonds will be made by check or draft mailed by first class mail to the registered owner, at the address appearing on the Record Date on the bond register of the Bank kept at the corporate trust office of the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of 2016 Series One Bonds received at least fifteen (15) days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; and (ii) principal of the 2016 Series One Bonds will be payable at the corporate trust office of the Trustee upon surrender of the 2016 Series One Bonds representing such principal. Both principal of and interest on the 2016 Series One Bonds are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

#### Section 208- Optional Redemption.

(a) The Chairman and the Executive Director are, and each of them is, hereby authorized to determine the optional redemption provisions, if any, for the 2016 Series One Bonds and shall cause any such provisions to be included in the Notice of Sale and Approved Bid and in the form of the 2016 Series One Bonds.

(b) Unless otherwise determined by the Chairman or Executive Director by the time the Approved Bid is accepted, notice of optional redemption shall be given at least 20 days, and not more than 60 days, prior to the date fixed for redemption and in addition to the requirements of Section 402(A)(1) through (5) and of Section 402(A)(7) of the Resolution, such notice of optional redemption shall state that on the date fixed for redemption, provided that moneys sufficient to redeem the 2016 Series One Bonds specified in such notice are on deposit with the Trustee, the redemption price will become due and payable and interest thereon will cease to accrue from and after said date.

#### Section 209- Mandatory Redemption.

The Chairman or the Executive Director are, and each of them is, hereby authorized to approve the mandatory redemption provisions, if any, for the 2016 Series One Bonds that are term bonds and if mandatory redemption provisions are permitted by the Notice of Sale and are included in the Approved Bid, shall cause any such provisions to be included in the form of the 2016 Series One Bonds.

#### Section 210- Sale of 2016 Series One Bonds.

(a) The 2016 Series One Bonds shall be sold to the Underwriter at competitive sale pursuant to the terms of the Notice of Sale. The Chairman and the Executive Director are, and each of them is, hereby authorized to amend or supplement the Notice of Sale and to approve and accept an Approved Bid, in each case with terms consistent with the provisions of this 2016 Series One Resolution (i) to designate, pursuant to Section 304, the Refunded Bonds, if any, to be refunded with proceeds of the 2016 Series One Bonds; and (ii) to determine the dated date and the delivery date of the 2016 Series One Bonds, the aggregate principal amount of the 2016 Series One Bonds, the principal amount of 2016 Series One Bonds of each maturity and interest rate, the purchase price of the 2016 Series One Bonds, the maturity and the interest payment dates of the 2016 Series One Bonds and the redemption provisions and interest rate(s) of the 2016 Series One Bonds; provided, however, that (A) the aggregate principal amount of the 2016 Series One Bonds shall not exceed \$45,000,000 and (B) the true interest cost on the 2016 Series One Bonds shall not exceed 4.5 percent. Prior to acceptance of the Approved Bid, the Chairman or the Executive Director, with the assistance of the Financial Advisor, shall take into account those factors that, in their judgment, will result in the lowest true interest cost of the 2016 Series One Bonds.

(b) The authority granted to the Chairman and the Executive Director under this Section 210 shall expire one hundred eighty (180) days after the date of adoption of this 2016 Series One Resolution.

#### Section 211- Notice of Sale, Preliminary Official Statement and Official Statement.

The Chairman or the Executive Director are, and each of them is, hereby authorized to approve the final form of, and the distribution in electronic form to prospective purchasers and other interested persons of, the Notice of Sale and the preliminary official statement for the 2016 Series One Bonds (including any supplements and amendments prior to acceptance of the Approved Bid, the "Preliminary Official Statement"), each substantially in the form submitted to and part of the records of the meeting, with such changes as the Chairman or the Executive Director deems advisable. The distribution of the Notice of Sale and the Preliminary Official Statement is hereby authorized, ratified and approved. The Chairman and the Executive Director are hereby further authorized to approve and execute the final form of the Official Statement and to approve and authorize the distribution of the final Official Statement in electronic and printed form.

There is hereby delegated to the Chairman or the Executive Director the authority to deem final the Preliminary Official Statement on behalf of the Bank for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1).

### ARTICLE III DISPOSITION OF BOND PROCEEDS

#### Section 301 - Disposition of Proceeds for Loan and Refunding Purposes.

(1) Upon the delivery of the 2016 Series One Bonds, the Bank shall apply, in accordance with Article V of the Resolution, a portion of the proceeds derived from the sale of the 2016 Series One Bonds to the make (i) a Loan to the City of Klawock, Alaska, in an aggregate principal amount not to exceed \$1,450,000, to repay the City of Klawock's line of credit (or the USDA Loan if the USDA Loan remains outstanding) and to finance or refinance the costs of improvements to the City's public safety building; (ii) a Loan to the Kodiak Island Borough, Alaska, in an aggregate principal amount not to exceed \$8,150,000, of which not to exceed \$2,050,000 is a 20-year Loan to pay a portion of the costs of renovating and expanding the Kodiak High School and the remaining portion (a 10-year Loan not to exceed \$6,100,000) is to pay costs of renewal and replacement projects at other Borough schools; (iii) a Loan to the Kenai Peninsula Borough, Alaska, in an aggregate principal amount not to exceed \$2,800,000 to finance costs of acquiring emergency response vehicles; and (iv) a Loan to the Kenai Peninsula Borough, Alaska, in an aggregate principal amount not to exceed \$3,050,000, which is part of a loan previously authorized to pay a portion of the costs of constructing a specialty clinic building adjacent to the Central Peninsula General Hospital.

(2) Subject to Section 304 of this 2016 Series One Resolution, a portion of the proceeds of the 2016 Series One Bonds shall be used to make a Loan to the City of Seward to purchase noncallable, direct and general obligations of the United States of America, the principal of and the interest on which when due will provide moneys which, together with cash, if any, shall be sufficient and available to pay when due the principal of the Refunded Bonds, and the interest to become due on such bonds prior to and on the first optional redemption date; provided, however, that such amounts shall be applied only with respect to maturities, if any, that the Chairman or the Executive Director designates to be Refunded Bonds pursuant to Section 304.

#### Section 302 - Reserve Fund Deposit.

On the date of sale, but subject to Section 201 hereof, the Chairman or the Executive Director shall determine whether it is in the best interest of the Bank to use, in addition to a Credit Enhancement, available cash or a portion of the proceeds received from the sale of the 2016 Series One Bonds, or a combination of cash, proceeds and Credit Enhancement, to satisfy the Reserve Fund Requirement upon delivery of the 2016 Series One Bonds, and shall cause such deposits to be made on or before the date of delivery of the 2016 Series One Bonds.

### Section 303 - Disposition of Remainder of Bond Proceeds.

The balance of the proceeds received from the sale of the New-Money Portion of the 2016 Series One Bonds, including any premium received over the principal amount of the 2016 Series One Bonds after deducting the amounts to be paid for costs of issuing the 2016 Series One Bonds, amounts necessary to ensure the deposit to the Reserve Fund equals the Required Debt Service Reserve, and after deducting the amount allocable to the Reserve Obligations, if any, which amount shall be deposited in the Reserve Fund, shall be deposited with the Governmental Units and applied towards costs of issuance and debt service payments due and owing on their respective Municipal Bonds (as such term is defined in the Loan Agreement or Amendatory Loan Agreement) or such other permitted purpose.

### Section 304 - Designation of Refunded Bonds.

The Chairman and the Executive Director are, and each of them is, hereby authorized to designate which, if any, of the 2008 Series One Bonds and the 2008 Series Two Bonds shall be refunded, eliminating from the category of Refunded Bonds loan obligations corresponding to municipal bonds whose terms have not been amended by the Governmental Unit to conform to the terms of the refunding authorized by this 2016 Series One Resolution as of the date of delivery of the 2016 Series One Bonds; provided that the refunding of the Refunded Bonds of each series so designated by the Chairman or the Executive Director must realize an aggregate debt service savings of at least four percent (4%), or a lower percentage if agreed to by an authorized representative of the City of Seward, but in no event less than three percent (3%), of their principal amount, net of all issuance costs and underwriting discount, on a present value basis.

### Section 305 - Escrow Agreement.

The Chairman or the Executive Director is hereby authorized and directed to enter into the Escrow Agreement with the trustee for the Refunded Bonds providing for the use and disposition of moneys, if any, and direct, non-callable obligations of the United States of America for the purpose set forth in Section 301(2) of this 2016 Series One Resolution.

### Section 306 - Election for Redemption of Refunded Bonds.

The Chairman or the Executive Director is hereby authorized to provide irrevocable instructions to the trustee of the Refunded Bonds to redeem the Refunded Bonds designated to be refunded pursuant to Section 304, on the first available redemption date(s) in accordance with the terms of the respective authorizing resolution for the Refunded Bonds.

ARTICLE IV  
EXECUTION AND FORM OF 2016 SERIES ONE BONDS

Section 401 - Execution and Form of 2016 Series One Bonds.

The 2016 Series One Bonds shall be executed in the manner set forth in Section 303 of the Resolution. Subject to the provisions of the Resolution, the 2016 Series One Bonds, and the Trustee's certificate of authentication, shall be of substantially the following form and tenor:

ALASKA MUNICIPAL BOND BANK  
GENERAL OBLIGATION AND REFUNDING BONDS, 2016 SERIES ONE

INTEREST RATE:	MATURITY DATE:	CUSIP NO.:
_____ %	_____, 20__	_____

Registered Owner: CEDE & Co.

Principal Amount: \_\_\_\_\_ and No/100 Dollars

Alaska Municipal Bond Bank (herein called the "Bank"), a public body corporate and politic, constituted as an instrumentality of the State of Alaska, organized and existing under and pursuant to the laws of the State of Alaska, acknowledges itself indebted to, and for value received, hereby promises to pay to CEDE & CO. or registered assigns, the principal sum specified above on the Maturity Date specified above, and to pay to the registered owner hereof interest on such principal sum from the date hereof to the date of maturity of this Bond at the rate per annum specified above, payable on each April 1 and October 1, commencing April 1, 2016. For so long as this Bond is held in book-entry form, payment of principal and interest shall be made by wire transfer to the registered owner pursuant to written instructions furnished to The Bank of New York Mellon Trust Company, N.A., in San Francisco, California, as Trustee under the General Bond Resolution of the Bank, adopted July 13, 2005, as amended (herein called the "Resolution"), or its successor or assigns as Trustee (herein called the "Trustee"). In the event this Bond is no longer held in book-entry form, (i) payment of interest will be made by check or draft mailed by first class mail to the registered owner at the address appearing on the bond register of the Bank kept by the Trustee, or, upon the written request of a registered owner of at least \$1,000,000 in principal amount of 2016 Series One Bonds received at least 15 days prior to an interest payment date, by wire transfer in immediately available funds to an account in the United States of America designated by such registered owner; and (ii) principal will be payable upon presentation and surrender hereof at the corporate trust office of the Trustee. Interest shall be computed on the basis of a 360-day year composed of twelve thirty-day months. Both principal of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is a general obligation of the Bank and is one of a duly authorized issue of Bonds of the Bank designated "Alaska Municipal Bond Bank General Obligation Bonds" (herein called the "Bonds"), issued and to be issued in various series under and pursuant to the Alaska Municipal

Bond Bank Act, constituting Chapter 85, Title 44, of the Alaska Statutes (herein called the “Act”), and under and pursuant to the Resolution and a series resolution authorizing each such series. As provided in the Resolution, the Bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited except as provided in the Resolution, the applicable Series Resolution, and the Act, and all Bonds issued and to be issued under said Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Resolution and the applicable Series Resolution.

The Bank is obligated to pay the principal of and premium, if any, and interest on the Bonds, including this Bond, only from the funds of the Bank, and the State of Alaska is not obligated to pay the principal or premium, if any, or interest on the Bonds. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal, premium, if any, or interest on the Bonds, including this Bond. The Bank has no taxing power.

This Bond is one of a series of Bonds (the “2016 Series One Bonds”) issued in the aggregate principal amount of \$\_\_\_\_\_ under the Resolution of the Bank and a series resolution of the Bank, adopted December 15, 2015, and entitled “A Series Resolution Authorizing the Issuance of General Obligation and Refunding Bonds, 2016 Series One, of the Alaska Municipal Bond Bank” (said resolutions being herein collectively called the “Resolutions”).

Copies of the Resolutions are on file at the office of the Bank and at the corporate trust office of the Trustee, and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the 2016 Series One Bonds; the nature, extent and manner of enforcement of such pledges; the rights and remedies of the registered owners of the 2016 Series One Bonds with respect thereto; and the terms and conditions upon which the Bonds are issued and may be issued thereunder; to all of the provisions of which the registered owner of this Bond, by acceptance of this Bond, consents and agrees. To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto may be modified or amended by the Bank, with the written consent of the registered owners of at least two-thirds in principal amount of the Bonds then outstanding and, in case less than all of the several series of Bonds would be affected thereby, with such consent of the registered owners of at least two-thirds in principal amount of the Bonds of each series so affected then outstanding.

The 2016 Series One Bonds are subject to redemption prior to their respective scheduled maturities as set forth below.

The 2016 Series One Bonds maturing on or after \_\_\_\_\_ 1, 20\_\_, are subject to redemption, in whole or in part, on or after \_\_\_\_\_ 1, 20\_\_, at the option of the Bank at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption.



[Unless previously redeemed pursuant to the foregoing optional redemption provisions, the 2016 Series One Bonds maturing on \_\_\_\_\_ 1, 20\_\_ (the "Term Bonds") are subject to mandatory redemption on April 1 of the following years and in the following principal amounts at a redemption price equal to 100% of the principal amount of the 2016 Series One Bonds to be redeemed plus accrued interest, if any, to the date fixed for redemption.]

Term Bonds Due \_\_\_\_\_ 1, 20\_\_

Year

Sinking Fund Requirement

Notice of redemption (which in the case of optional redemption shall be a conditional notice) will be mailed to registered owners of 2016 Series One Bonds called for redemption not less than 20 days or more than 60 days before the date fixed for redemption. Except as provided in the Resolutions, interest on any 2016 Series One Bonds called for redemption will cease on the date fixed for redemption.

This Bond is transferable, as provided in the Resolutions, only upon the books of the Bank kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or its attorney duly authorized in writing, and thereupon a new registered 2016 Series One Bond or Bonds in the same aggregate principal amount and of the same maturity, in authorized denominations, shall be issued to the transferee in exchange therefor as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed.

The 2016 Series One Bonds are issuable in the denomination of \$5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of 2016 Series One Bonds maturing in the year of maturity of the Bond for which the denomination of the Bond is to be specified. Subject to such conditions and upon payment of such charges, if any, 2016 Series One Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or its attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered 2016 Series One Bonds of any other authorized denominations, of the same maturity.

The Bank is obligated to pay the principal of and interest on the 2016 Series One Bonds only from revenues or funds of the Bank, and the State of Alaska is not obligated to pay such principal of or interest on the 2016 Series One Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged to the payment of the principal of or the interest on the 2016 Series One Bonds.

This Bond is fully negotiable for all purposes of the Uniform Commercial Code, and each owner of this Bond by accepting this Bond shall be conclusively considered to have agreed that this Bond is fully negotiable for those purposes.

The obligations of the Bank contained in the Resolutions and in this 2016 Series One Bond are the obligations of the Bank and not of any member, director, officer or employee of the Bank, and no recourse shall be had for the payment of the principal or redemption price or interest on this bond or for any claim hereon or on the Resolutions against any member, director, officer or employee of the Bank or any natural person executing the 2016 Series One Bonds.

This Bond shall not be entitled to any benefit under the Resolutions or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

The Bank modified the Resolution, effective on the date when all Bonds issued prior to February 19, 2013 cease to be Outstanding, by: (i) authorizing the Trustee to release to the Bank amounts held in the Reserve Fund which exceed the Required Debt Service Reserve whenever there is a reduction in the Required Debt Service Reserve; (ii) requiring the Trustee to withdraw earnings and profits realized in the Reserve Fund, and to provide such amounts to the Bank on or before June 30 of each year so long as the balance therein equals the Required Debt Service Reserve; (iii) authorizing certain amendments and modifications to the Resolution effective upon securing the consent of Holders of at least two-thirds in principal amount of Bonds then Outstanding; and (iv) providing that an underwriter or purchaser of a Series of Bonds may consent to a modification of, or amendment to, the Resolution as Holder of such Bonds at the time such Bonds are issued.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution and statutes of the State of Alaska and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the 2016 Series One Bonds, together with all other indebtedness of the Bank, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Alaska Municipal Bond Bank has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Executive Director all as of the \_\_\_\_\_ day of \_\_\_\_\_ 2016.

ALASKA MUNICIPAL BOND BANK

[ S E A L ]

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MARK E. PFEFFER  
Chairman

A T T E S T:

*AMBB/General Obligation and Refunding Bonds, 2016 Series One*  
**Series Resolution No. 2015-05**

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DEVEN J. MITCHELL  
Executive Director

### TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the 2016 Series One Bonds of the Alaska Municipal Bond Bank.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A.,  
as Trustee

Date of Authentication:

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Authorized Officer

### ARTICLE V CREDIT ENHANCEMENT

#### Section 501 – 2016 Series One Credit Enhancement.

The Chairman and the Executive Director are each hereby authorized to determine whether to satisfy the Reserve Fund Requirement in respect of the 2016 Series One Bonds by depositing with the Trustee Credit Enhancement in the form of a debt service reserve surety policy; to select and purchase such Credit Enhancement; and to approve and execute and deliver a 2016 Series One Credit Enhancement Agreement in a form similar to the form executed and delivered in connection with the Bond Bank's 2015 Series Three Bonds, with such terms and changes as the Chairman or the Executive Director deems advisable and in the best interest of the Bank.

### ARTICLE VI MISCELLANEOUS

#### Section 601 - Paying Agent.

The Bank of New York Mellon Trust Company, N.A., San Francisco, California, or its successor or assigns, is appointed paying agent for the 2016 Series One Bonds.

#### Section 602 – Arbitrage Rebate.

Except as otherwise provided in the Bank's tax certificate, within 30 days after the end of every fifth Bond Year and within 60 days after the date on which all of the 2016 Series One Bonds

have been retired (and/or at such other times as may be required by the Code and applicable Income Tax Regulations), the Bank shall determine the Excess Investment Earnings and pay rebate amounts due to the United States of America as provided in Section 148(f) of the Code.

#### Section 603 - 2016 Series One Debt Service Account.

There is hereby established as a special account in the Debt Service Fund the “2016 Series One Debt Service Account,” for the purpose of receiving amounts in the Debt Service Fund allocable to the 2016 Series One Bonds. Such amounts and the earnings thereon shall be deposited and held, and separately accounted for, in the 2016 Series One Debt Service Account.

#### Section 604 - Tax Exemption and General Tax Covenant.

The Bank intends that interest on the 2016 Series One Bonds shall be excludable from gross income for federal income tax purposes pursuant to Section 103 and 141 through 150 of the Code, and the applicable regulations. The Bank covenants not to take any action, or knowingly omit to take any action within its control, that if taken or omitted would cause the interest on the 2016 Series One Bonds issued on a tax exempt basis to be included in gross income, as defined in Section 61 of the Code, for federal income tax purposes.

#### Section 605 - Arbitrage Covenant.

The Bank shall make no use or investment of the gross proceeds of the 2016 Series One Bonds which will cause the 2016 Series One Bonds to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code. The Bank hereby covenants that so long as any of the 2016 Series One Bonds are outstanding, the Bank, with respect to the gross proceeds of the 2016 Series One Bonds, shall comply with all requirements of said Section 148 and of all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

#### Section 606 - Resolution Clarification.

It shall hereby be clarified that the Resolution, at Section 919, shall only apply to Bonds issued on a tax-exempt basis.

#### Section 607 - Loan Agreements and Amendatory Loan Agreements.

The Chairman and the Executive Director are each hereby authorized to execute the Loan Agreements and the Amendatory Loan Agreements, as applicable, between the Bank and the Governmental Units referred to herein, each in a form similar to the forms attached hereto as Appendix C and submitted to and part of the records of the meeting on December 15, 2015, with such changes as the Chairman or the Executive Director shall deem advisable.

#### Section 608 - Continuing Disclosure.

The Bank hereby covenants and agrees that it will execute and deliver and will comply with and carry out all of the provisions of the form of Continuing Disclosure Certificate attached

*AMBB/General Obligation and Refunding Bonds, 2016 Series One*  
**Series Resolution No. 2015-05**

hereto as Appendix B with such changes as the Chairman or the Executive Director shall deem advisable and in the best interest of the Bank. Notwithstanding any other provision of this 2016 Series One Resolution, failure of the Bank to comply with the Continuing Disclosure Certificate shall not be a default of the Bank's obligations under this 2016 Series One Resolution, the Resolution or the 2016 Series One Bonds; however, the Beneficial Owner of any Bond may bring an action for specific performance, to cause the Bank to comply with its obligations under the Continuing Disclosure Certificate and this Section.

Section 609 - Chairman and Executive Director.

The Chairman and the Executive Director are each hereby authorized to execute all documents and to take any action necessary or desirable to carry out the provisions of this 2016 Series One Resolution and to effectuate the issuance and delivery of the 2016 Series One Bonds, including acceptance of the Approved Bid, and all prior actions taken to effectuate and in connection with the provisions of this 2016 Series One Resolution and the issuance and delivery of the 2016 Series One Bonds are hereby ratified and confirmed. The authority and ratification granted in this Section 609 to the Chairman and the Executive Director includes authorization to solicit commitments for a policy of insurance with respect to payment of the interest on and principal of the Bonds and/or a surety policy and thereafter to accept such commitment which is in the best interest of the Bank and enter into such agreement with the bond insurer as shall be in the best interests of the Bank.

Section 610 - Effective Date.

This 2016 Series One Resolution shall take effect immediately on the date hereof (December 15, 2015).

## APPENDIX A

### BLANKET ISSUER LETTER OF REPRESENTATIONS

#### Blanket Issuer Letter of Representations [To be Completed by Issuer]

ALASKA MUNICIPAL BOND BANK  
(Name of Issuer)

May 2, 1995  
(Date)

Attention: Underwriting Department — Eligibility  
**The Depository Trust Company**  
55 Water Street, 50th Floor  
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").


To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.


Very truly yours,

ALASKA MUNICIPAL BOND BANK  
(Issuer)

By:   
(Authorized Officer's Signature)  
NORMAN J. LEVESQUE  
Executive Director

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: 

**SAMPLE OFFERING DOCUMENT LANGUAGE**  
**DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC—bracketed material may be applicable  
only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries

made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested



by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

## APPENDIX B

### CONTINUING DISCLOSURE CERTIFICATE

Alaska Municipal Bond Bank (the “Issuer”) executes and delivers this Continuing Disclosure Certificate (the “Disclosure Certificate”) in connection with the issuance of \$\_\_\_\_\_ Alaska Municipal Bond Bank General Obligation and Refunding Bonds, 2016 Series One (the “Bonds”). The Bonds are being issued under the General Bond Resolution of the Bank entitled “A Resolution Creating And Establishing An Issue Of Bonds Of The Alaska Municipal Bond Bank; Providing For The Issuance From Time To Time Of Said Bonds; Providing For The Payment Of Principal Of And Interest On Said Bonds; And Providing For The Rights Of The Holders Thereof,” adopted July 13, 2005, as amended (the “General Bond Resolution”), and Series Resolution No. 2015-05 adopted on December 15, 2015 (the “Series Resolution,” and together with the General Bond Resolution, the “Resolutions”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. The Issuer is executing and delivering this Disclosure Certificate for the benefit of the Beneficial Owners of the Bonds, and to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 of this Disclosure Certificate.

“Fiscal Year” means the fiscal year of the Issuer (currently the 12-month period ending June 30), as such fiscal year may be changed from time to time as required by State law.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

Section 3. Provision of Annual Reports and Financial Statements. Commencing with its Fiscal Year ending June 30, 2016, the Issuer will provide to the MSRB, in a format as prescribed by the Rule:

- (a) Not later than 210 days after the end of each Fiscal Year, an Annual Report for the Fiscal Year. The Annual Report shall contain or incorporate by reference: (i) annual audited financial statements of the Issuer; (ii) a statement of authorized, issued and outstanding bonded debt of the Issuer; (iii) the Reserve Fund balance; and (iv) statistics

regarding Governmental Units similar to those found in Appendix D to the Official Statement as of the end of the prior Fiscal Year. Any or all of these items may be included by specific reference to documents available to the public or the internet website of the MSRB or filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference. The Annual Report may be submitted as a single document or as separate documents comprising a package, provided that audited financial statements may be submitted separately from the remainder of the Annual Report.

(b) Not later than 120 days after the end of each Fiscal Year, the Issuer will notify each Governmental Unit, who has, or had, an amount of bonds equal to or greater than twenty percent (20%) of all outstanding loans under the General Bond Resolution, of its continuing disclosure undertaking responsibility. A list of such Governmental Units for the prior Fiscal Year will be included in the Annual Report.

Section 4. Notice of Failure to Provide Information. The Issuer shall provide in a timely manner to the MSRB notice of any failure to satisfy the requirements of Section 3 of this Disclosure Certificate.

Section 5. Reporting of Significant Events. (a) The Issuer shall file with the MSRB a notice of any of the following events with respect to the Bonds, within ten (10) business days of the occurrence of such event:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Adverse tax opinions or events affecting the tax-exempt status of the Bonds which include (i) the issuance by the Internal Revenue Service (“IRS”) of proposed or final determinations of taxability, (ii) Notices of Proposed Issues (IRS Form 5701-TEB), (iii) other material notices or determinations with respect to the Bonds, and (iv) other events affecting the tax status of the Bonds.
- (6) Defeasances.
- (7) Rating changes.
- (8) Tender offers.
- (9) Bankruptcy, insolvency, receivership or similar proceeding by the Issuer or “obligated person.”

(b) The Issuer shall file with the MSRB a notice of any of the following events with respect to the Bonds, within ten (10) business days of the occurrence of such event, if material:

- (1) Nonpayment-related defaults.
- (2) Modifications to rights of holders of the Bonds.
- (3) Bond calls, other than mandatory, scheduled redemptions not otherwise contingent on the occurrence of an event.
- (4) Release, substitution or sale of property securing repayment of the Bonds.
- (5) Other than in the normal course of business, the consummation of a merger, consolidation, or acquisition involving an “obligated person,” or the sale of all or substantially all of the assets of the Issuer or “obligated person,” or the entry into a definitive agreement to undertake such an action, or a termination of a definitive agreement relating to any such actions, other than in accordance with its terms.
- (6) Appointment of a successor or additional trustee or the change in name of the trustee for the Bonds.

Section 6. Termination of Reporting Obligation. The Issuer’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, provided that the amendment meets each of the following conditions:

- (a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer;
- (b) This Disclosure Certificate, as amended, would have complied with the requirements of the Rule as of the date hereof, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances;
- (c) The Issuer obtains an opinion of counsel unaffiliated with the Issuer that the amendment does not materially impair the interests of the Beneficial Owners of the Bonds; and
- (d) The Issuer notifies and provides the MSRB with copies of the opinions and amendments.

Any such amendment may be adopted without the consent of any Beneficial Owner of any of the Bonds, notwithstanding any other provision of this Disclosure Certificate or the Resolutions.

The first Annual Report containing amended operating data or financial information pursuant to an amendment of this Disclosure Certificate shall explain, in narrative form, the

reasons for the amendment and its effect on the type of operating data and financial information being provided.

Section 8. Filing Alternative. Any filing required under the terms of this Disclosure Certificate may be made solely by transmitting such filing to the Electronic Municipal Market Access as provided at <http://www.emma.msrb.org>, or in such other manner as may be permitted from time to time by the Securities Exchange Commission.

Section 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Beneficial Owner may take such actions as may be necessary and appropriate, including an action to compel specific performance, to cause the Issuer to comply with its obligations under this Disclosure Certificate. No failure to comply with any provision of this Disclosure Certificate shall be deemed an Event of Default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel specific performance.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Trustee, the Participating Underwriter and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATED this \_\_\_\_ day of \_\_\_\_\_ 2016.

ALASKA MUNICIPAL BOND BANK

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DEVEN J. MITCHELL  
Executive Director

**APPENDIX C**  
**FORM OF**  
**LOAN AGREEMENT**

THIS LOAN AGREEMENT, dated as of the \_\_\_\_ day of \_\_\_\_\_ 20\_\_, between the Alaska Municipal Bond Bank (the “Bank”), a body corporate and politic constituted as an instrumentality of the State of Alaska (the “State”) exercising public and essential governmental functions, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended (the “Act”), having its principal place of business at Juneau, Alaska, and the [City] [Borough], Alaska, a duly constituted \_\_\_\_\_ [City] [Borough] of the State (the “[City] [Borough]”):

**W I T N E S S E T H:**

WHEREAS, pursuant to the Act, the Bank is authorized to make loans of money (the “Loan” or “Loans”) to governmental units; and

WHEREAS, the [City] [Borough] is a Governmental Unit as defined in the General Bond Resolution of the Bank hereinafter mentioned and pursuant to the Act is authorized to accept a Loan from the Bank to be evidenced by its municipal bonds; and

WHEREAS, the [City] [Borough] desires to borrow money from the Bank in the amount not to exceed \$\_\_\_\_\_ and has submitted an application to the Bank for a Loan in the amount not to exceed \$\_\_\_\_\_, and the [City] [Borough] has duly authorized the issuance of its fully registered bond in the aggregate principal amount of \$\_\_\_\_\_ (the “Municipal Bond”), which bond is to be purchased by the Bank as evidence of the Loan in accordance with this Loan Agreement; and

WHEREAS, the application of the [City] [Borough] contains the information requested by the Bank; and

WHEREAS, to provide for the issuance of bonds of the Bank in order to obtain from time to time money with which to make Loans, the Bank has adopted the General Obligation Bond Resolution on July 13, 2005, as amended (the “General Bond Resolution”) and Series Resolution No. 20\_\_-\_\_, approved on \_\_\_\_\_, 20\_\_ (together with the General Bond Resolution, the “Bond Resolution”), authorizing the making of such Loan to the [City] [Borough] and the purchase of the Municipal Bond; and

WHEREAS, the Board of the Bank approved certain modifications to the General Bond Resolution, effective on the date when all bonds issued under the terms of the General Bond Resolution, prior to February 19, 2013, cease to be outstanding.

NOW, THEREFORE, the parties agree:

1. The Bank hereby makes the Loan and the [City] [Borough] accepts the Loan in the aggregate principal amount of \$\_\_\_\_\_. As evidence of the Loan made to the [City] [Borough] and such money borrowed from the Bank by the [City] [Borough], the [City] [Borough] hereby sells to the Bank the Municipal Bond in the principal amount, with the principal installment payments, and bearing interest from its date at the rate or rates per annum, stated in Exhibit A appended hereto.

2. The [City] [Borough] represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including [Ordinance] [Resolution] No. \_\_\_\_\_, adopted on \_\_\_\_\_, 20\_\_ (the “[City] [Borough] [Ordinance] [Resolution]”), and has taken or will take all proceedings required by law to enable it to enter into this Loan Agreement and issue its Municipal Bond to the Bank and that the Municipal Bond will constitute [a general obligation bond, secured by the full faith and credit] [a revenue bond, a special and limited obligation] of the [City] [Borough], all duly authorized by the [City] [Borough] [Ordinance] [Resolution].

3. Subject to any applicable legal limitations, the amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing interest due on its Municipal Bond (the “Municipal Bond Interest Payments”) shall be computed at the same rate or rates of interest borne by the corresponding maturities of the bonds sold by the Bank in order to obtain the money with which to make the Loan and to purchase the Municipal Bond (the “Loan Obligations”) and shall be paid by the [City] [Borough] at least seven (7) business days before the interest payment date so as to provide funds sufficient to pay interest as the same becomes due on the Loan Obligations.

4. The amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing principal due on its Municipal Bond (the “Municipal Bond Principal Payments”), shall be paid at least seven (7) business days before the payment date stated in the Municipal Bond so as to provide funds sufficient to pay the principal of the Loan Obligations as the same matures based upon the maturity schedule stated in Exhibit A appended hereto.

5. In the event the amounts referred to in Sections 3 and 4 hereof to be paid by the [City] [Borough] pursuant to this Loan Agreement are not made available at any time specified herein, the [City] [Borough] agrees that any money payable to it by any department or agency of the State may be withheld from it and paid over directly to the Trustee acting under the General Bond Resolution, and this Loan Agreement shall be full warrant, authority and direction to make such payment upon notice to such department or agency by the Bank, with a copy provided to the [City] [Borough], as provided in the Act.

6. In the event Loan Obligations have been refunded and the interest rates the Bank is required to pay on its refunding bonds in any year are less than the interest rates payable by the [City] [Borough] on the Municipal Bond for the corresponding year pursuant to the terms of the Municipal Bond, then both the Municipal Bond Interest Payments and the Municipal Bond Principal Payments will be adjusted in such a manner that (i) the interest rate paid by the [City] [Borough] on any principal installment of the Municipal Bond is equal to the interest rate paid by the Bank on the corresponding principal installment of the Bank’s refunding bonds and (ii) on a present value basis the sum of the adjusted Municipal Bond Interest Payments and Municipal Bond

Principal Payments is equal to or less than the sum of the Municipal Bond Interest Payments and Municipal Bond Principal Payments due over the remaining term of the Municipal Bond as previously established under this Loan Agreement. In the event of such a refunding of Loan Obligations, the Bank shall present to the [City] [Borough] for the [City's] [Borough's] approval, a revised schedule of principal installment amounts and interest rates for the Municipal Bond. If approved by the [City] [Borough] the revised schedule shall be attached hereto as Exhibit A and incorporated herein in replacement of the previous Exhibit A detailing said principal installment amounts and interest rates.

7. The [City] [Borough] is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the [City] [Borough] shall be in an amount sufficient, together with the [City's] [Borough's] Allocable Proportion (as defined below) of other money available therefor under the provisions of the Bond Resolution, and other money available therefor, including any specific grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof and amounts applied therefor from amounts transferred to the Operating Fund pursuant to Section 606 of the General Bond Resolution:

(a) to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the Administrative Expenses of the Bank; and

(b) to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the fees and expenses of the Trustee and paying agent for the Loan Obligations.

The [City's] [Borough's] Allocable Proportion as used herein shall mean the proportionate amount of the total requirement in respect to which the term is used determined by the ratio that the principal amount of the Municipal Bond outstanding bears to the total of all Loans then outstanding to all Governmental Units under the General Bond Resolution, as certified by the Bank. The waiver by the Bank of any fees payable pursuant to this Section 7 shall not constitute a subsequent waiver thereof.

8. The [City] [Borough] is obligated to make the Municipal Bond Principal Payments scheduled by the Bank. The first such Municipal Bond Principal Payment is due at least seven (7) business days prior to the date indicated on Exhibit A appended hereto, and thereafter on the anniversary thereof each year. The [City] [Borough] is obligated to make the Municipal Bond Interest Payments scheduled by the Bank on a semi-annual basis commencing seven (7) business days prior to the date indicated on Exhibit A appended hereto, and to pay any Fees and Charges imposed by the Bank within 30 days of receiving the invoice of the Bank therefor.

9. The Bank shall not sell and the [City] [Borough] shall not redeem prior to maturity any portion of the Municipal Bond in an amount greater than the Loan Obligations which are then outstanding and which are then redeemable, and in the event of any such sale or redemption, the same shall be in an amount not less than the aggregate of (i) the principal amount of the Municipal Bond (or portion thereof) to be redeemed, (ii) the interest to accrue on the Municipal Bond (or portion thereof) to be redeemed to the next redemption date thereof not previously paid, (iii) the



applicable premium, if any, payable on the Municipal Bond (or portion thereof) to be redeemed, and (iv) the cost and expenses of the Bank in effecting the redemption of the Municipal Bond (or portion thereof) to be redeemed. The [City] [Borough] shall give the Bank at least 50 days' notice of intention to redeem its Municipal Bond.

In the event the Loan Obligations with respect to which the sale or redemption prior to maturity of such Municipal Bond is being made have been refunded and the refunding bonds of the Bank issued for the purpose of refunding such Loan Obligations were issued in a principal amount in excess of or less than the principal amount of the Municipal Bond remaining unpaid at the date of issuance of such refunding bonds, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (i) above shall be the principal amount of such refunding bonds outstanding.

In the event the Loan Obligations have been refunded and the interest the Bank is required to pay on the refunding bonds is less than the interest the Bank was required to pay on the Loan Obligations, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (ii) above shall be the amount of interest to accrue on such refunding bonds outstanding.

In the event the Loan Obligations have been refunded, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (iii) above, when the refunded Loan Obligations are to be redeemed, shall be the applicable premium, if any, on the Loan Obligations to be redeemed.

Nothing in this Section shall be construed as preventing the [City] [Borough] from refunding the Municipal Bond in exchange for a new Municipal Bond in conjunction with a refunding of the Loan Obligations.

10. Simultaneously with the delivery of the Municipal Bond to the Bank, the [City] [Borough] shall furnish to the Bank evidence satisfactory to the Bank which shall set forth, among other things, that the Municipal Bond will constitute a valid and binding [general obligation] [special and limited obligation] of the [City] [Borough], secured by the [full faith and credit] [revenue of the \_\_\_\_\_] of the [City] [Borough].

11. Invoices for payments under this Loan Agreement shall be addressed to the [City] [Borough], Attention: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, Alaska 99\_\_\_\_. The [City] [Borough] shall give the Bank and the corporate trust office of the Trustee under the General Bond Resolution at least 30 days' written notice of any change in such address.

12. [The [City] [Borough] hereby agrees that it shall fully fund, at the time of loan funding, its debt service reserve fund (in an amount equal to \$ \_\_\_\_\_) which secures payment of principal and interest on its Municipal Bond, that such fund shall be held in the name of the [City] [Borough] with the Trustee, and that the yield on amounts held in such fund shall be restricted to a yield not in excess of \_\_\_\_\_ percent.  
**(Applies to revenue bonds only.)]**

13. **[Rate covenant language – if applicable.]**

14. The [City] [Borough] hereby agrees to keep and retain, until the date six years after the retirement of the Municipal Bond, or any bond issued to refund the Municipal Bond, or such longer period as may be required by the [City's] [Borough's] record retention policies and procedures, records with respect to the investment, expenditure and use of the proceeds derived from the sale of its Municipal Bond, including without limitation, records, schedules, bills, invoices, check registers, cancelled checks and supporting documentation evidencing use of proceeds, and investments and/or reinvestments of proceeds. The [City] [Borough] agrees that all records required by the preceding sentence shall be made available to the Bond Bank upon request.

15. Prior to payment of the amount of the Loan or any portion thereof, and the delivery of the Municipal Bond to the Bank or its designee, the Bank shall have the right to cancel all or any part of its obligations hereunder if:

(a) Any representation, warranty or other statement made by the [City] [Borough] to the Bank in connection with its application to the Bank for a Loan shall be incorrect or incomplete in any material respect.

(b) The [City] [Borough] has violated commitments made by it in the terms of this Loan Agreement.

(c) The financial position of the [City] [Borough] has, in the opinion of the Bank, suffered a materially adverse change between the date of this Loan Agreement and the scheduled time of delivery of the Municipal Bond to the Bank.

16. The obligation of the Bank under this Loan Agreement is contingent upon delivery of its General Obligation Bonds, 20\_\_ Series \_\_\_\_\_ and receipt of the proceeds thereof.

17. The [City] [Borough] agrees that it will provide the Bank with written notice of any default in covenants under the [City] [Borough] [Ordinance] [Resolution] within thirty (30) days from the date thereof.

18. The [City] [Borough] agrees that it shall file its annual financial statement with the Municipal Securities Rulemaking Board not later than two hundred ten (210) days after the end of each fiscal year of the [City] [Borough] for the term of the Municipal Bond. The [City] [Borough] further agrees that filings under this Section 16 shall be made in connection with CUSIP Nos. 01179P, 011798 and 01179R. Additional or alternate CUSIP number(s) may be added from time to time by written notice from the Bank to the [City] [Borough]. The [City] [Borough] agrees that if it shall receive from the Bank CUSIP number(s) in addition to those set forth in this Section then it shall make its filings using both CUSIP numbers herein stated and any additional CUSIP number(s).

19. The [City] [Borough] agrees that it shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on the Municipal Bond

to become subject to federal income taxes in addition to federal income taxes to which interest on such Municipal Bond is subject on the date of original issuance thereof.

The [City] [Borough] shall not permit any of the proceeds of the Municipal Bond, or any facilities financed with such proceeds, to be used in any manner that would cause the Municipal Bond to constitute a “private activity bond” within the meaning of Section 141 of the Code.

The [City] [Borough] shall make no use or investment of the proceeds of the Municipal Bond which will cause the Municipal Bond to be an “arbitrage bond” under Section 148 of the Code. So long as the Municipal Bond is outstanding, the [City] [Borough], shall comply with all requirements of said Section 148 and all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect. The [City] [Borough] shall indemnify and hold harmless the Bank from any obligation of the [City] [Borough] to make rebate payments to the United States under said Section 148 arising from the [City’s] [Borough’s] use or investment of the proceeds of the Municipal Bond.

20. Upon request of the Bank, the [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement prepared by the Bank for purposes of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934.

21. The [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution it shall provide the Bank for inclusion in future official statements, upon request, financial information generally of the type included in Appendix D, under the heading “Summaries of Borrowers Representing 10% or More of Outstanding Principal of Bonds Issued Under the 2005 General Bond Resolution,” to the Official Statement and attached hereto as Exhibit B.

22. If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

23. This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments, and take such other actions as are necessary, to give effect to the terms of this Loan Agreement.

24. No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other term or condition hereof, nor shall a waiver of any breach of this Loan Agreement be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

25. In this Loan Agreement, unless otherwise defined herein, all capitalized terms which are defined in Article I of the General Bond Resolution shall have the same meanings, respectively, as such terms are given in Article I of the General Bond Resolution.

26. This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the subject matter hereof and constitutes the entire agreement between the parties hereto in respect thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement the day and year first above written.

ALASKA MUNICIPAL BOND BANK

By: \_\_\_\_\_  
DEVEN J. MITCHELL  
Executive Director

[CITY] [BOROUGH] OF \_\_\_\_\_,  
ALASKA

By: \_\_\_\_\_  
\_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT A

\$ \_\_\_\_\_  
[City] [Borough], Alaska  
[General Obligation] [Revenue] Bond, 20\_\_[\_\_]  
("Municipal Bond")

Due _____1	Principal <u>Amount</u>	Interest <u>Rate</u>
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Principal installments shall be payable on \_\_\_\_\_ 1 in each of the years, and in the amounts set forth above. Interest on the Municipal Bond shall be payable on \_\_\_\_\_1, 20\_\_, and thereafter on \_\_\_\_\_1 and \_\_\_\_\_ 1 of each year.

Prepayment Provisions: The Municipal Bond principal installments are not subject to prepayment prior to maturity.

Optional Prepayment: The Municipal Bond principal installments due on or after \_\_\_\_\_1, 20\_\_ are subject to prepayment in whole or in part at the option of the [City] [Borough] on any date on or after \_\_\_\_\_1, 20\_\_, at a price of 100% of the principal amount thereof to be prepaid, plus accrued interest to the date of prepayment.

**FORM OF  
AMENDATORY LOAN AGREEMENT**

THIS AMENDATORY LOAN AGREEMENT, dated as of the [\_\_\_\_] day of [\_\_\_\_] 20[\_\_\_\_], between the Alaska Municipal Bond Bank (the “Bank”), a body corporate and politic constituted as an instrumentality of the State of Alaska (the “State”) exercising public and essential governmental functions, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended (the “Act”), having its principal place of business at Juneau, Alaska, and [\_\_\_\_], Alaska, a duly constituted \_\_\_\_\_ of the State (the “[City] [Borough]”):

WITNESSETH:

WHEREAS, pursuant to the Act, the Bank is authorized to issue bonds and loan money (the “Loans”) to governmental units; and

WHEREAS, the [City] [Borough] is a “Governmental Unit” as defined in the General Bond Resolution of the Bank hereinafter mentioned and was authorized to accept a Loan from the Bank, evidenced by its municipal bond; and

WHEREAS, to provide for the issuance of bonds of the Bank in order to obtain from time to time money with which to make, and or refinance, municipal Loans, the Bank adopted its General Obligation Bond Resolution on July 13, 2005, as amended (the “General Bond Resolution”); and

WHEREAS, the Board of the Bank approved certain modifications to the General Bond Resolution, effective on the date when all bonds issued under the terms of the General Bond Resolution, prior to February 19, 2013, cease to be outstanding; and

WHEREAS, the Bank made a Loan to the [City] [Borough] from proceeds of the Bank’s \_\_\_\_\_ Bonds, \_\_\_\_\_ Series \_\_\_\_ (“\_\_\_\_\_ Series \_\_\_\_ Bonds”) in the amount of \$\_\_\_\_\_, evidenced by a Loan Agreement dated \_\_\_\_\_ 1, \_\_\_\_\_ (the “Loan Agreement”) between the Bank and the [City] [Borough]; and

WHEREAS, the Bank’s \_\_\_\_\_ Series \_\_\_\_ Bonds were issued pursuant to the terms of the Bank’s General Bond Resolution, as amended and supplemented by a series resolution; and

WHEREAS, as security for repayment of the Loan, the [City] [Borough] issued its \_\_\_\_\_ Bond, \_\_\_\_\_ Series \_\_\_, dated \_\_\_\_\_, \_\_\_\_\_ (the “Municipal Bond”) of which the Bank is the registered owner; and

WHEREAS, the Bank has determined that refunding a portion of the \_\_\_\_\_ Series \_\_\_\_ Bonds will result in a debt service savings thereon and on the Municipal Bond; and

WHEREAS, pursuant to the terms of the General Bond Resolution the Bank adopted Series Resolution No. 20\_\_-\_\_, approved on \_\_\_\_\_, 20\_\_ (the “Series Resolution” and, together with the General Bond Resolution, the “Bond Resolution”) authorizing the issuance of its General Obligation and Refunding Bonds, 20\_\_ Series \_\_\_\_ (the “Refunding Bonds”) to, in part, refund a portion of the \_\_\_\_ Series \_\_ Bonds; and

WHEREAS, to effect the proposed refunding and resulting debt service savings on the \_\_\_\_ Series \_\_ Bonds and the Municipal Bond, and to conform the terms of the Loan Agreement to the current practices of the Bank, it is necessary to amend the terms of the Loan Agreement and the Municipal Bond as provided herein.

NOW, THEREFORE, the parties agree as follows:

1. The Bank will refund a portion of the outstanding \_\_\_\_ Series \_\_ Bonds as provided in the Series Resolution. The amounts of the principal installments of the Municipal Bond corresponding to the refunded maturities of the \_\_\_\_ Series \_\_ Bonds, and the interest payable thereon, shall be adjusted pro rata in accordance with the debt service payable on the Refunding Bonds. The Municipal Bond henceforth shall mature in the principal amounts and bear interest at the rates per annum as stated on Exhibit A appended hereto.

2. Section 2 of the Loan Agreement is amended to include the following paragraph:

The [City] [Borough] represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including [Ordinance] [Resolution] No. \_\_\_\_\_, adopted on \_\_\_\_\_, 20\_\_ (the “[City] [Borough] Refunding [Ordinance] [Resolution]”), and has taken or will take all proceedings required by law to enable it to enter into this Amendatory Loan Agreement and issue its refunding Municipal Bond to the Bank and that the refunding Municipal Bond will constitute [a general obligation bond, secured by the full faith and credit] [a revenue bond, a special and limited obligation] of the [City] [Borough], all duly authorized by the [City] [Borough] Refunding [Ordinance] [Resolution].

3. The refunding Municipal Bond shall be subject to optional prepayment prior to maturity on and after the same date, and on the same terms as the Refunding Bonds may be subject to optional redemption.

4. Section [\_\_] of the Loan Agreement is amended by replacing the current language with the following:

The [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution it shall provide the Bank for inclusion in future official statements, upon request, financial information generally of the type included in Appendix D of the Bank’s Official Statement, dated \_\_\_\_\_, 20\_\_, under the heading “Summaries of Borrowers Representing 10% or More of Outstanding Principal of Bonds Issued Under the 2005 Bond Resolution” to the Official Statement and attached hereto as Exhibit B.

The [City] [Borough] further agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement prepared by the Bank for purpose of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934.

5. A new Section \_\_ is added to the Loan Agreement, as follows:

The [City] [Borough] agrees that it shall file, on an annual basis, its audited financial statement with the Municipal Securities Rulemaking Board not later than two hundred ten (210) days after the end of each fiscal year of the [City] [Borough] for the term of the Municipal Bond and any refunding Municipal Bond. The [City] [Borough] agrees filings under this Section \_\_ shall be made in connection with CUSIP Nos. 01179P, 011798 and 01179R. Additional or alternate CUSIP number(s) may be added from time to time by written notice from the Bank to the [City] [Borough]. The [City] [Borough] agrees that if it shall receive from the Bank CUSIP number(s) in addition to those set forth in this Section then it shall make its filings using both CUSIP numbers herein stated and any additional CUSIP number(s).

6. A new Section \_\_ is added to the Loan Agreement, as follows:

The [City] [Borough] hereby agrees to keep and retain, until the date six years after the retirement of the Municipal Bond, or any bond issued to refund the Municipal Bond, or such longer period as may be required by the [City's] [Borough's] record retention policies and procedures, records with respect to the investment, expenditure and use of the proceeds derived from the sale of its Municipal Bond, including without limitation, records, schedules, bills, invoices, check registers, cancelled checks and supporting documentation evidencing use of proceeds, and investments and/or reinvestments of proceeds. The [City] [Borough] agrees that all records required by the preceding sentence shall be made available to the Bank upon request.

7. A new Section \_\_ is added to the Loan Agreement, as follows:

The [City] [Borough] hereby agrees that it shall fully fund, at the time of loan funding, its debt service reserve fund (in an amount equal to \$\_\_\_\_\_ ) which secures payment of principal and interest on its Municipal Bond, and that such fund shall be held in the name of the [City] [Borough] with the Trustee. The [City] [Borough] further agrees that the yield on amounts held in such debt service reserve account shall be restricted to a yield not in excess of \_\_\_\_\_ percent.

8. A new Section \_\_ is added to the Loan Agreement, as follows:

(a) The [City] [Borough] hereby certifies that all Municipal Bond proceeds, except for those proceeds that are accounted for as transferred proceeds in the arbitrage certificate for its refunding Municipal Bond, have been expended prior to the date hereof.



(b) The [City] [Borough] hereby certifies that all required rebate calculations relating to the Municipal Bond have been timely performed and the [City] [Borough] has remitted any necessary amount(s) to the Internal Revenue Service.

(c) The [City] [Borough] hereby certifies that the Municipal Bond, or any portion thereof, has not previously been advance refunded.

IN WITNESS WHEREOF, the parties hereto have executed this Amendatory Loan Agreement as of the date first set forth above.

ALASKA MUNICIPAL BOND BANK

By: \_\_\_\_\_

DEVIN MITCHELL  
Executive Director

[CITY] [BOROUGH], ALASKA

By: \_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT A

\_\_\_\_\_, Alaska  
\_\_\_\_\_, \_\_\_\_\_ Series \_\_, As Amended on \_\_\_\_\_, 20\_\_

Principal Sum of \$ \_\_\_\_\_

Principal Payment Date  
( \_\_\_\_\_ 1, 20\_\_ )

Principal  
Amount

Interest  
Rate

Principal installments shall be payable on \_\_\_\_\_ 1 in each of the years, and in the amounts set forth above. Interest on the Municipal Bond shall be payable on \_\_\_\_\_ 1, 20\_\_, and thereafter on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year.

Prepayment Provisions: The Municipal Bond principal installments are not subject to prepayment prior to maturity.

Optional Prepayment: The Municipal Bond principal installments due on or after \_\_\_\_\_ 1, 20\_\_ are subject to prepayment in whole or in part at the option of the [City] [Borough] on any date on or after \_\_\_\_\_ 1, 20\_\_, at a price of 100% of the principal amount thereof to be prepaid, plus accrued interest to the date of prepayment.

**APPENDIX D**  
**FORM OF**  
**NOTICE OF SALE AND BIDDING INSTRUCTIONS**

## OFFICIAL NOTICE OF SALE AND BIDDING INSTRUCTIONS

### ALASKA MUNICIPAL BOND BANK \$\_\_\_\_\_ \* GENERAL OBLIGATION AND REFUNDING BONDS 2016 SERIES ONE

#### THE SALE

NOTICE IS HEREBY GIVEN that electronic bids will be received at the place, on the date and until the time specified below for the purchase of all, but not less than all, of \$\_\_\_\_\_ aggregate principal amount of General Obligation and Refunding Bonds, 2016 Series One (the "Bonds") to be issued by the Alaska Municipal Bond Bank (the "Bond Bank").

DATE: January \_\_, 2016\*\*

TIME: \_\_\_\_\_ A.M. \_\_\_\_\_ Time \*\*

ELECTRONIC BIDS: Must be submitted in their entirety via BiDCOMP™/Parity® as described below. **No other form of bid or provider of electronic bidding services will be accepted.**

As described below under "Modifications," a portion of the Bonds are refunding bonds (the "refunding portion"). In the event the refunding portion does not meet a savings target of at least 4.0 percent as currently required by the 2016 Series One Resolution (or for any other reason), bids may be requested and accepted only for the portion of the Bonds being issued for other than refunding purposes (the "new money portion").

#### ELECTRONIC BIDDING AND BIDDING PROCEDURES

**Registration to Bid.** All prospective bidders must be contracted customers of BiDCOMP™/Parity® Competitive Bidding System ("BiDCOMP/Parity"). If you do not have a contract with BiDCOMP/Parity, call (212) 849-5021 to become a customer. No other provider of electronic bidding services and no other means of delivery (i.e. telephone, telefax, telegraph, personal delivery, etc.) of bids will be accepted. **If any provision of this Notice of Sale conflicts with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control.** Further information about submitting a bid using BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 849-5021 or from Chip Pierce, Western Financial Group, LLC, the Bond Bank's Financial Advisor, at (503) 719-6113.

By submitting a bid for the Bonds, a prospective bidder represents and warrants to the Bond Bank that such bidder's bid for the purchase of the Bonds (if a bid is submitted) is submitted for and on behalf of such prospective bidder by an officer or agent who is authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds.

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\* Preliminary, subject to change before and after award as provided in this Notice of Sale.

\*\*Preliminary, subject to change before the sale date and time, as provided in this Notice of Sale.

**Disclaimer.** Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Bond Bank nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Bond Bank nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP/Parity. The Bond Bank is using BiDCOMP/Parity as a communication mechanism, and not as the Bond Bank's agent, to conduct electronic bidding for the Bonds. The Bond Bank is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bidding Procedures" described below. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders, and the Bond Bank is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Bonds, it should telephone BiDCOMP/Parity or notify the Bond Bank's Financial Advisor by email to [pierce@westernfinancialgroup.com](mailto:pierce@westernfinancialgroup.com).

**Bidding Procedures.** Bids must be submitted electronically for the purchase of the Bonds (all or none) by means of the Bid Forms via BiDCOMP/Parity by \_\_\_\_\_ A.M. \_\_\_\_\_ Time on \_\_\_\_\_, January \_\_, 2016, unless postponed as described herein. See "Postponement." Prior to that time, a prospective bidder may input and save proposed terms of its bid in BiDCOMP/Parity. Once the final bid has been saved in BiDCOMP/Parity, the bidder may select the final bid button in BiDCOMP/Parity to submit the bid to BiDCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the Bond Bank, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP/Parity shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Bond Bank, as described below under "Basis of Award."

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP/Parity. No bid will be received after the time specified above for receiving such bids.

**Award of the 2016 Series One Bonds.** The Bond Bank will notify the responsible bidder complying with the terms of this Notice of Sale and offering to purchase the Bonds at the lowest true interest cost to the Bond Bank of the award the Bonds (or all bids will be rejected) by \_\_:00 p.m. Pacific Time on \_\_\_\_\_, January \_\_, 2016.\* Final award to the apparent winner (or rejection of all bids) will be made within 24 hours after the bid opening.

**Basis of Award.** The Bonds will be awarded to the bidder whose proposal produces the lowest true interest cost. The true interest cost will be that annual interest rate, which, when

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\* Preliminary, subject to change before the sale date and time as provided below. See "Postponement."

compounded semiannually and used to discount all payments of principal and interest payable on the Bonds under such proposal to the date of delivery, results in an amount equal to the purchase price for the Bonds. If two or more bids provide the same lowest true interest cost, the Bond Bank shall determine, in its sole discretion, which bid shall be accepted, and such determination shall be final. See “Interest Rates and Bid Price.”

**Modifications.** In the event the refunding portion does not meet the savings target (or for any other reason), the Bond Bank may accept bids only for the new money portion of the Bonds.

The Bond Bank reserves the right to modify any term of this Notice of Sale (including the savings target for the refunding portion) and/or the Preliminary Official Statement for any other reason by notice on the Amendments Page of the BiDCOMP/Parity website no later than 5:00 p.m., Eastern Standard Time, on January \_\_, 2016\* (or, in the event of a postponement in accordance herewith, the day prior to the reset bid date).

**Postponement.** The Bond Bank also reserves the right to postpone the sale and to set a new time for the sale either separately or at one time. Postponement may be effected by 8:00 a.m. \_\_\_\_\_ Time on January \_\_, 2016,\* by a Statement of Postponement carried on the Amendments page of the BiDCOMP/Parity website (the “Statement of Postponement”). At the same time or within 48 hours following the Statement of Postponement, the Bond Bank may reset a new time for the sale. The reset sale notice may state different terms and conditions of sale and may refer to this notice for any or all terms of sale. All bidders will be deemed to have assented to the above conditions by submitting a bid, and lack of actual notice of the postponement or of the reset terms of sale will not be considered.

**Right of Rejection.** The Bond Bank reserves the right to reject any and all bids, to waive any irregularity or informality in any bid, to take any actions adjourning or postponing the sale of the Bonds or to take any other action that the Bond Bank may deem to be in its best interest. In the event that the Bond Bank rejects all bids, notice of a new sale date, if any, will be carried on the Amendments page of the BiDCOMP/Parity website.

## **THE BONDS**

**Bond Details.** The Bonds will be dated the date of delivery and will bear interest from their dated date, payable semiannually on each April 1 and October 1 of each year, commencing on April 1, 2016. Interest will be computed upon the basis of a 360-day year of twelve 30-day months. The Bonds will mature on April 1 in the years and in the principal amounts, as follows:

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\* Preliminary, subject to change before the sale date and time as provided below.

<b><u>2016 Series One*</u></b>			
<b><u>Year</u></b>	<b><u>Principal Amount*</u></b>	<b><u>Year</u></b>	<b><u>Principal Amount*</u></b>
2016		2031	
2017		2032	
2018		2033	
2019		2034	
2020		2035	
2021		2036	
2022		2037	
2023		2038	
2024		2039	
2025		2040	
2026		2041	
2027		2042	
2028		2043	
2029		2044	
2030			

**Adjustment of Maturities.** The Bond Bank reserves the right to adjust the principal amount of each maturity as may be necessary to produce level debt service on the underlying loans. The principal amount of any maturity of the Bonds will only be adjusted in increments of \$5,000. Notice of any adjustment will be provided within two hours after the time at which bids are opened through BiDCOMP/Parity. The Bond Bank will attempt to maintain the Underwriter's compensation as a percentage of the final principal amount of the Bonds when adjusting the maturities. The successful bidder may not withdraw its bid or change the interest rates bid or the initial reoffering prices as a result of any changes made to the revised amounts within these limits.

**Optional Designations of Term Bonds and Mandatory Sinking Fund Redemption.** Bidders have the option of specifying in their bid proposal that all of the principal amount of Bonds scheduled to mature in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise one or more maturities of the Bonds (the "Term Bonds") scheduled to mature in the latest year of each such combination. The Term Bonds so specified by the bidder will then be subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount thereof, in the principal amount in each year during the combined period of such Term Bonds, which otherwise would have been scheduled to mature in such years. If no Term Bonds are designated in the successful bid, the Bonds will mature serially without Term Bonds.

**Immobilization of the Bonds.** The Bonds are being issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, and immobilized in the custody of DTC, which will act as securities depository for the Bonds. A book-entry system will be employed by DTC evidencing ownership of the Bonds in principal amount of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures

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\* Preliminary, subject to change. See "Adjustment of Maturities."

established by DTC.

The principal of and interest on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfers of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and persons acting through such participants (the “Participants”), and other nominees of beneficial owners. The Bond Bank will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, the payment by DTC or by Participants of principal of or interest on the Bonds, any notice to bondholders or any consent given or other action taken by DTC as the registered owner of the Bonds.

**Optional Redemption.** The Bonds maturing on or after April 1, 20\_\_, are subject to redemption at the option of the Bond Bank in whole or in part on any date on or after April 1, 20\_\_, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption.

**Security for the Bonds.** The Bonds are general obligations of the Bond Bank payable only from revenues or funds of the Bond Bank. The Bond Bank has no taxing power. The State of Alaska is not liable for payment on the Bonds, and the Bonds are not a debt of the State of Alaska. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for payment of the Bonds.

The security for the Bonds is described in the Preliminary Official Statement and the 2005 General Bond Resolution and Series Resolution, and those documents should be consulted for a complete description of the security for the Bonds.

**Bond Insurance At Bidder’s Option And Expense.** Bidders may elect to insure the Bonds at the bidders’ risk and expense. The Trustee will only enter into agreements to comply with the administrative requirements of the bond insurer; **the Bond Bank will not amend the General Bond Resolution, the Series Resolution or any of the loan agreements.** The Bond Bank will pay the fee for ratings from Standard & Poor’s Ratings Services and Fitch Ratings, regardless of whether the Bonds are insured.

As described in the Preliminary Official Statement, the Bond Bank has applied to National Guarantee Corporation for a commitment to provide a surety policy to satisfy a portion of the Reserve Fund Requirement. **The Bond Bank, however, is not seeking and has not requested or obtained a commitment for any other credit enhancement, including a policy to insure payment of scheduled debt service on the Bonds.** If the Bond Bank selects a bid that is based on providing insurance on the Bonds, then the Official Statement and closing certificates will be amended accordingly. No additional security beyond that described in the Preliminary Official Statement will be allowed, however. **Failure of a bond insurer to deliver a policy of insurance for the Bonds will not release the successful bidder from its obligation to purchase the Bonds.**

**Interest Rates and Bid Price.** The Bonds will be sold in one block on an “all or none” basis, and at a price of not less than one hundred percent (100%) of the aggregate principal amount of the Bonds. No serial or term bond maturity may bear a price of less than ninety-seven percent (97%). Bidders must specify the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be a multiple of one-eighth (1/8) of one percent (1%) or one-twentieth (1/20) of



one percent (1%). The highest interest rate bid may not exceed 5.00%. No limitation is imposed upon bidders as to the number of rates which may be used, except that all Bonds of one maturity must bear one and the same interest rate. **The bidding is permitted either with or without bond insurance at the discretion of the bidder. In either event, the winning bid will be selected on the basis of the true interest cost to the Bond Bank, and in all cases the insurance premium will be paid by the bidder.**

**Good Faith Deposit.** The successful bidder will be required to provide a good faith deposit in the amount of [\_\_\_\_\_] Dollars (\$[\_\_\_\_\_] ) in immediately available funds wired to the Bond Bank's Trustee not later than 2:00 p.m. (Prevailing Pacific Time) on January \_\_, 2016.\* Wire information will be provided to the successful bidder by the Financial Advisor upon bid award.

The Good Faith Deposit will be held by the Bond Bank to ensure the successful bidder's compliance with the terms of its bid and the Notice of Sale and Bidding Instructions and will be applied to the purchase price on the date of delivery of the Bonds. Pending delivery of the Bonds, the good faith deposit may be invested for the sole benefit of the Bond Bank. In the event the successful bidder fails or refuses to pay for the Bonds in accordance with its bid, the amount of the good faith deposit and any investment earnings thereon shall be accepted by the Bond Bank as full and complete liquidated damages.

**Delivery.** It is expected that the Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York on or about February 2, 2016,\* and closing will take place on the same date in Seattle, Washington or at another location specified by the Bond Bank. The successful bidder will be required to provide the Bond Bank by 10:00 a.m. Pacific Time on \_\_\_\_\_, 2016, with information as to the initial offering price of the Bonds to the public (excluding bond-houses and brokers) at which a substantial amount of the Bonds were sold and the insurance premium (if purchased by the bidder). Such information must be confirmed with a certificate, dated the date of closing of the Bonds, in form and substance satisfactory to Bond Counsel, **showing that at least 10% of each maturity of the Bonds was sold, or were reasonably expected to be sold, to the public at initial public offering prices not exceeding the prices of the Bonds set forth in the initial statement of such prices.**

There will be furnished to the successful bidder without cost, the executed Bonds to be delivered to DTC or its agent and the usual closing documents dated as of the date of delivery of and payment for the Bonds, including a certificate that there is no litigation pending or threatened affecting the validity of the Bonds.

The Bond Bank will confirm to the successful bidder, by a certificate signed on its behalf by the Executive Director or Chair and delivered at the closing, that at the time of the acceptance of the bid, and at the time of the closing, insofar as the Bond Bank and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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\* Preliminary, subject to change before the sale date and time.

**Payment.** The successful bidder shall make full payment of the purchase price of the Bonds to the Bond Bank at the time of delivery in federal funds or other immediately available funds without cost to the Bond Bank.

**Tax-Exempt Status.** The opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Bond Bank, will state that based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance by the Bond Bank and by the Governmental Units with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel will observe that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. For further information, please refer to “TAX MATTERS” in the Preliminary Official Statement.

**Legal Opinion.** The opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Bond Bank, approving the validity of the Bonds, will be furnished upon delivery of the Bonds. The proposed form of Bond Counsel’s opinion is included in the Preliminary Official Statement as an appendix.

**CUSIP Numbers.** CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bonds nor any error with respect thereto shall constitute cause for the successful bidder to fail or to refuse to accept delivery of and to pay for the Bonds. No liability shall attach to the Bond Bank or to any director, officer, employee or agent thereof, including any paying agent or registrar for the Bonds, by reason of such number or by reason of any inaccuracy, error, or omission with respect thereto.

**Continuing Disclosure Undertaking.** The Bond Bank covenants and agrees to execute and deliver on or before the date of delivery of the Bonds a continuing disclosure certificate constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the Bond Bank for the benefit of the beneficial owners of the Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. In the Undertaking, the Bond Bank will undertake to provide certain annual financial information and to provide notices of certain events with respect to the Bonds. The proposed form of the Bond Bank’s Undertaking is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement.

**The Bond Bank is Represented by Independent Registered Municipal Advisor.** The Bond Bank has engaged, is represented by and will rely upon the advice of Western Financial Group, LLC, an independent registered municipal advisor, to advise it on the issuance of the Bonds offered for sale in this Notice of Sale, and other aspects of the financing for which the Bonds are being issued. The Bond Bank intends that (i) this statement constitutes the “required representation” for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3)(vi)(B) and (ii) by publically making this written statement in this Notice of Sale, all prospective bidders and other market participants may rely on this written statement and receive and use it for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3)(vi).

**Additional Information.** A Preliminary Official Statement relating to the Bonds and an Official Bid Form for the Bonds may be obtained from Chip Pierce, Western Financial Group, LLC, 3300 NW 185th Ave., #270, Portland, Oregon 97229, (503) 719-6113 or from Deven J. Mitchell, Alaska Municipal Bond Bank, 333 Willoughby Avenue, State Office Building, 11th Floor, Juneau, Alaska 99811, (907) 465-3750.

The Preliminary Official Statement, referred to above, has been “deemed final” by the Bond Bank for purposes of SEC Rule 15c2-12(b)(1) but is subject to revision, amendment and completion including by the final Official Statement.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a bid, the Bond Bank agrees that within seven (7) business days after the date of such award the Bond Bank shall provide the senior managing underwriter of the successful syndicate with copies of a final Official Statement. The senior managing underwriter of the successful syndicate will be supplied with final Official Statements in a quantity sufficient to meet its request. Up to 100 copies of the final Official Statement will be furnished without cost.

The Bond Bank designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the final Official Statement to each participating underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the Bond Bank, (i) it will accept such designation, (ii) it will enter into a contractual relationship with all participating underwriters of the Bonds for purposes of assuring the receipt by each such participating underwriter of the final Official Statement, and (iii) within one business day following the receipt from the Bond Bank, it will file, or cause to be filed, with the Municipal Securities Rulemaking Board the final Official Statement and the escrow agreement.

DATED: \_\_\_\_\_, 2016

ALASKA MUNICIPAL BOND BANK

By \_\_\_\_\_  
DEVEN J. MITCHELL  
Executive Director

## SOURCES AND USES OF FUNDS

AMBB 2016 One Bonds  
Alaska Bond Bank Series 2016 One

Sources:	KPB CES 8-Year Loan	KPB CES 15-Year Loan	Kenai Peninsula Borough 2016 Hospital Loan	Klawock 2015 Loan	Klawock Refunding	KIB 10-Year Loan	KIB 20-Year Loan	Seward 2008I Refunding	Seward 2008II Refunding	Total
Bond Proceeds:										
Par Amount	495,000.00	1,915,000.00	2,975,000.00	1,070,000.00	195,000.00	5,285,000.00	1,755,000.00	19,145,000.00	4,670,000.00	37,505,000.00
Premium	62,761.40	307,023.25	408,413.90	151,798.65	29,395.80	771,419.20	265,077.30	3,203,368.50	700,623.15	5,899,881.15
	557,761.40	2,222,023.25	3,383,413.90	1,221,798.65	224,395.80	6,056,419.20	2,020,077.30	22,348,368.50	5,370,623.15	43,404,881.15
Other Sources of Funds:										
AMBB COI Grant	1,886.03	7,296.46	11,335.22	4,076.87	742.98	20,136.70	6,686.83			52,161.09
DSRF Contribution				77,820.75	13,429.25			1,973,360.00	396,036.26	2,460,646.26
Debt Service Fund Contribution								330,000.00		330,000.00
	1,886.03	7,296.46	11,335.22	81,897.62	14,172.23	20,136.70	6,686.83	2,303,360.00	396,036.26	2,842,807.35
	559,647.43	2,229,319.71	3,394,749.12	1,303,696.27	238,568.03	6,076,555.90	2,026,764.13	24,651,728.50	5,766,659.41	46,247,688.50
Uses:										
Project Fund Deposits:										
Project Fund Deposit	550,000.00	2,200,000.00	3,050,000.00	1,200,000.00		6,000,000.00	2,000,000.00			15,000,000.00
Refunding Escrow Deposits:										
Cash Deposit					216,822.80			0.59	0.20	216,823.59
SLGS Purchases								22,546,615.00	5,330,584.00	27,877,199.00
					216,822.80			22,546,615.59	5,330,584.20	28,094,022.59
Other Fund Deposits:										
Debt Service Reserve Fund			297,500.00	82,681.82	15,068.18			1,914,500.00	376,167.50	2,685,917.50
Delivery Date Expenses:										
Cost of Issuance	1,886.03	7,296.46	11,335.22	4,076.87	742.98	20,136.70	6,686.83	72,945.49	17,793.42	142,900.00
Underwriter's Discount:										
Average Takedown	2,475.00	9,575.00	14,875.00	5,350.00	975.00	26,425.00	8,775.00	95,725.00	23,350.00	187,525.00
Other Delivery Date Expenses:										
Borrower Costs of Issuance	3,217.27	12,446.61	19,336.12	6,766.80	1,233.20	26,274.86	8,725.14	20,000.00	15,000.00	113,000.00
Other Uses of Funds:										
Additional Proceeds	2,069.13	1.64	1,702.78	4,820.78	3,725.87	3,719.34	2,577.16	1,942.42	3,764.29	24,323.41
	559,647.43	2,229,319.71	3,394,749.12	1,303,696.27	238,568.03	6,076,555.90	2,026,764.13	24,651,728.50	5,766,659.41	46,247,688.50

## BOND PRICING

AMBB 2016 One Bonds  
Alaska Bond Bank Series 2016 One

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)	Takedown
2016 One Serial Bond Maturities:							
	04/01/2016	75,000	2.000%	0.400%	100.261	195.75	5.000
	04/01/2017	1,065,000	2.000%	0.730%	101.468	15,634.20	5.000
	04/01/2018	1,085,000	4.000%	1.050%	106.294	68,289.90	5.000
	04/01/2019	2,155,000	5.000%	1.300%	111.430	246,316.50	5.000
	04/01/2020	2,270,000	5.000%	1.500%	114.074	319,479.80	5.000
	04/01/2021	2,370,000	5.000%	1.720%	116.138	382,470.60	5.000
	04/01/2022	2,500,000	5.000%	1.940%	117.694	442,350.00	5.000
	04/01/2023	2,620,000	5.000%	2.150%	118.826	493,241.20	5.000
	04/01/2024	2,660,000	5.000%	2.360%	119.496	518,593.60	5.000
	04/01/2025	2,335,000	5.000%	2.530%	120.086	469,008.10	5.000
	04/01/2026	1,705,000	5.000%	2.660%	120.716	353,207.80	5.000
	04/01/2027	1,795,000	5.000%	2.840%	118.949 C	340,134.55	5.000
	04/01/2028	1,885,000	5.000%	2.940%	117.981 C	338,941.85	5.000
	04/01/2029	1,985,000	5.000%	3.050%	116.927 C	336,000.95	5.000
	04/01/2030	2,080,000	5.000%	3.130%	116.168 C	336,294.40	5.000
	04/01/2031	2,190,000	5.000%	3.210%	115.414 C	337,566.60	5.000
	04/01/2032	2,105,000	5.000%	3.260%	114.946 C	314,613.30	5.000
		32,880,000				5,312,339.10	
2036 Term Bond:							
	04/01/2036	3,665,000	5.000%	3.470%	113.005 C	476,633.25	5.000
2040 Term Bond:							
	04/01/2040	960,000	5.000%	3.630%	111.553 C	110,908.80	5.000
		37,505,000				5,899,881.15	

Dated Date	02/02/2016	
Delivery Date	02/02/2016	
First Coupon	04/01/2016	
Par Amount	37,505,000.00	
Premium	5,899,881.15	
Production	43,404,881.15	115.730919%
Underwriter's Discount	-187,525.00	-0.500000%
Purchase Price	43,217,356.15	115.230919%
Accrued Interest		
Net Proceeds	43,217,356.15	

## BOND MATURITY TABLE

AMBB 2016 One Bonds  
Alaska Bond Bank Series 2016 One

Maturity Date	KPB CES 8-Year Loan	KPB CES 15-Year Loan	Kenai Peninsula Borough 2016 Hospital Loan	Klawock 2015 Loan	Klawock Refunding	KIB 10-Year Loan	KIB 20-Year Loan	Seward 2008I Refunding	Seward 2008II Refunding	Total
04/01/2016					5,000				70,000	75,000
04/01/2017	65,000	90,000	325,000	25,000	10,000	495,000	55,000			1,065,000
04/01/2018	65,000	95,000	330,000	25,000	10,000	505,000	55,000			1,085,000
04/01/2019	65,000	100,000	340,000	25,000	10,000	525,000	60,000	890,000	140,000	2,155,000
04/01/2020	70,000	105,000	360,000	30,000	10,000	555,000	60,000	935,000	145,000	2,270,000
04/01/2021	75,000	105,000	375,000	30,000	10,000	580,000	65,000	980,000	150,000	2,370,000
04/01/2022	75,000	115,000	395,000	30,000	10,000	610,000	70,000	1,030,000	165,000	2,500,000
04/01/2023	80,000	120,000	415,000	30,000	10,000	640,000	70,000	1,080,000	175,000	2,620,000
04/01/2024		125,000	435,000	35,000	10,000	670,000	75,000	1,130,000	180,000	2,660,000
04/01/2025		130,000		35,000	10,000	705,000	80,000	1,190,000	185,000	2,335,000
04/01/2026		135,000		35,000	10,000		80,000	1,250,000	195,000	1,705,000
04/01/2027		145,000		40,000	10,000		85,000	1,310,000	205,000	1,795,000
04/01/2028		150,000		40,000	15,000		90,000	1,375,000	215,000	1,885,000
04/01/2029		160,000		45,000	15,000		95,000	1,445,000	225,000	1,985,000
04/01/2030		165,000		45,000	15,000		100,000	1,515,000	240,000	2,080,000
04/01/2031		175,000		50,000	15,000		105,000	1,595,000	250,000	2,190,000
04/01/2032				50,000	15,000		110,000	1,670,000	260,000	2,105,000
04/01/2033				50,000	5,000		115,000	1,750,000	275,000	2,195,000
04/01/2034				55,000			120,000		290,000	465,000
04/01/2035				60,000			130,000		305,000	495,000
04/01/2036				60,000			135,000		315,000	510,000
04/01/2037				65,000					335,000	400,000
04/01/2038				65,000					350,000	415,000
04/01/2039				70,000						70,000
04/01/2040				75,000						75,000
	495,000	1,915,000	2,975,000	1,070,000	195,000	5,285,000	1,755,000	19,145,000	4,670,000	37,505,000

## BOND DEBT SERVICE BREAKDOWN

AMBB 2016 One Bonds  
Alaska Bond Bank Series 2016 One

Period Ending	KPB CES 8-Year Loan	KPB CES 15-Year Loan	Kenai Peninsula Borough 2016 Hospital Loan	Klawock 2015 Loan	Klawock Refunding	KIB 10-Year Loan	KIB 20-Year Loan	Seward 2008I Refunding	Seward 2008II Refunding	Total
04/01/2016	3,630.14	15,094.17	22,239.72	8,604.17	6,507.78	40,046.25	14,020.69	156,882.64	107,923.89	374,949.45
04/01/2017	87,150.00	182,100.00	460,700.00	77,500.00	19,100.00	739,350.00	140,550.00	957,250.00	230,000.00	2,893,700.00
04/01/2018	85,850.00	185,300.00	459,200.00	77,000.00	18,900.00	739,450.00	139,450.00	957,250.00	230,000.00	2,892,400.00
04/01/2019	83,250.00	186,500.00	456,000.00	76,000.00	18,500.00	739,250.00	142,250.00	1,847,250.00	370,000.00	3,919,000.00
04/01/2020	85,000.00	186,500.00	459,000.00	79,750.00	18,000.00	743,000.00	139,250.00	1,847,750.00	368,000.00	3,926,250.00
04/01/2021	86,500.00	181,250.00	456,000.00	78,250.00	17,500.00	740,250.00	141,250.00	1,846,000.00	365,750.00	3,912,750.00
04/01/2022	82,750.00	186,000.00	457,250.00	76,750.00	17,000.00	741,250.00	143,000.00	1,847,000.00	373,250.00	3,924,250.00
04/01/2023	84,000.00	185,250.00	457,500.00	75,250.00	16,500.00	740,750.00	139,500.00	1,845,500.00	375,000.00	3,919,250.00
04/01/2024		184,250.00	456,750.00	78,750.00	16,000.00	738,750.00	141,000.00	1,841,500.00	371,250.00	3,828,250.00
04/01/2025		183,000.00		77,000.00	15,500.00	740,250.00	142,250.00	1,845,000.00	367,250.00	3,370,250.00
04/01/2026		181,500.00		75,250.00	15,000.00		138,250.00	1,845,500.00	368,000.00	2,623,500.00
04/01/2027		184,750.00		78,500.00	14,500.00		139,250.00	1,843,000.00	368,250.00	2,628,250.00
04/01/2028		182,500.00		76,500.00	19,000.00		140,000.00	1,842,500.00	368,000.00	2,628,500.00
04/01/2029		185,000.00		79,500.00	18,250.00		140,500.00	1,843,750.00	367,250.00	2,634,250.00
04/01/2030		182,000.00		77,250.00	17,500.00		140,750.00	1,841,500.00	371,000.00	2,630,000.00
04/01/2031		183,750.00		80,000.00	16,750.00		140,750.00	1,845,750.00	369,000.00	2,636,000.00
04/01/2032				77,500.00	16,000.00		140,500.00	1,841,000.00	366,500.00	2,441,500.00
04/01/2033				75,000.00	5,250.00		140,000.00	1,837,500.00	368,500.00	2,426,250.00
04/01/2034				77,500.00			139,250.00		369,750.00	586,500.00
04/01/2035				79,750.00			143,250.00		370,250.00	593,250.00
04/01/2036				76,750.00			141,750.00		365,000.00	583,500.00
04/01/2037				78,750.00					369,250.00	448,000.00
04/01/2038				75,500.00					367,500.00	443,000.00
04/01/2039				77,250.00						77,250.00
04/01/2040				78,750.00						78,750.00
	598,130.14	2,774,744.17	3,684,639.72	1,868,604.17	285,757.78	6,702,346.25	2,826,770.69	29,731,882.64	7,946,673.89	56,419,549.45

## BOND DEBT SERVICE

AMBB 2016 One Bonds  
KPB CES 8-Year Loan

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2016			3,630.14	3,630.14	3,630.14
10/01/2016			11,075.00	11,075.00	
04/01/2017	65,000	2.000%	11,075.00	76,075.00	87,150.00
10/01/2017			10,425.00	10,425.00	
04/01/2018	65,000	4.000%	10,425.00	75,425.00	85,850.00
10/01/2018			9,125.00	9,125.00	
04/01/2019	65,000	5.000%	9,125.00	74,125.00	83,250.00
10/01/2019			7,500.00	7,500.00	
04/01/2020	70,000	5.000%	7,500.00	77,500.00	85,000.00
10/01/2020			5,750.00	5,750.00	
04/01/2021	75,000	5.000%	5,750.00	80,750.00	86,500.00
10/01/2021			3,875.00	3,875.00	
04/01/2022	75,000	5.000%	3,875.00	78,875.00	82,750.00
10/01/2022			2,000.00	2,000.00	
04/01/2023	80,000	5.000%	2,000.00	82,000.00	84,000.00
	495,000		103,130.14	598,130.14	598,130.14



## BOND DEBT SERVICE

AMBB 2016 One Bonds  
KPB CES 15-Year Loan

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2016			15,094.17	15,094.17	15,094.17
10/01/2016			46,050.00	46,050.00	
04/01/2017	90,000	2.000%	46,050.00	136,050.00	182,100.00
10/01/2017			45,150.00	45,150.00	
04/01/2018	95,000	4.000%	45,150.00	140,150.00	185,300.00
10/01/2018			43,250.00	43,250.00	
04/01/2019	100,000	5.000%	43,250.00	143,250.00	186,500.00
10/01/2019			40,750.00	40,750.00	
04/01/2020	105,000	5.000%	40,750.00	145,750.00	186,500.00
10/01/2020			38,125.00	38,125.00	
04/01/2021	105,000	5.000%	38,125.00	143,125.00	181,250.00
10/01/2021			35,500.00	35,500.00	
04/01/2022	115,000	5.000%	35,500.00	150,500.00	186,000.00
10/01/2022			32,625.00	32,625.00	
04/01/2023	120,000	5.000%	32,625.00	152,625.00	185,250.00
10/01/2023			29,625.00	29,625.00	
04/01/2024	125,000	5.000%	29,625.00	154,625.00	184,250.00
10/01/2024			26,500.00	26,500.00	
04/01/2025	130,000	5.000%	26,500.00	156,500.00	183,000.00
10/01/2025			23,250.00	23,250.00	
04/01/2026	135,000	5.000%	23,250.00	158,250.00	181,500.00
10/01/2026			19,875.00	19,875.00	
04/01/2027	145,000	5.000%	19,875.00	164,875.00	184,750.00
10/01/2027			16,250.00	16,250.00	
04/01/2028	150,000	5.000%	16,250.00	166,250.00	182,500.00
10/01/2028			12,500.00	12,500.00	
04/01/2029	160,000	5.000%	12,500.00	172,500.00	185,000.00
10/01/2029			8,500.00	8,500.00	
04/01/2030	165,000	5.000%	8,500.00	173,500.00	182,000.00
10/01/2030			4,375.00	4,375.00	
04/01/2031	175,000	5.000%	4,375.00	179,375.00	183,750.00
	1,915,000		859,744.17	2,774,744.17	2,774,744.17

## BOND DEBT SERVICE

AMBB 2016 One Bonds  
Kenai Peninsula Borough 2016 Hospital Loan

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2016			22,239.72	22,239.72	22,239.72
10/01/2016			67,850.00	67,850.00	
04/01/2017	325,000	2.000%	67,850.00	392,850.00	460,700.00
10/01/2017			64,600.00	64,600.00	
04/01/2018	330,000	4.000%	64,600.00	394,600.00	459,200.00
10/01/2018			58,000.00	58,000.00	
04/01/2019	340,000	5.000%	58,000.00	398,000.00	456,000.00
10/01/2019			49,500.00	49,500.00	
04/01/2020	360,000	5.000%	49,500.00	409,500.00	459,000.00
10/01/2020			40,500.00	40,500.00	
04/01/2021	375,000	5.000%	40,500.00	415,500.00	456,000.00
10/01/2021			31,125.00	31,125.00	
04/01/2022	395,000	5.000%	31,125.00	426,125.00	457,250.00
10/01/2022			21,250.00	21,250.00	
04/01/2023	415,000	5.000%	21,250.00	436,250.00	457,500.00
10/01/2023			10,875.00	10,875.00	
04/01/2024	435,000	5.000%	10,875.00	445,875.00	456,750.00
	2,975,000		709,639.72	3,684,639.72	3,684,639.72

## BOND DEBT SERVICE

AMBB 2016 One Bonds  
Klawock 2015 Loan

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2016			8,604.17	8,604.17	8,604.17
10/01/2016			26,250.00	26,250.00	
04/01/2017	25,000	2.000%	26,250.00	51,250.00	77,500.00
10/01/2017			26,000.00	26,000.00	
04/01/2018	25,000	4.000%	26,000.00	51,000.00	77,000.00
10/01/2018			25,500.00	25,500.00	
04/01/2019	25,000	5.000%	25,500.00	50,500.00	76,000.00
10/01/2019			24,875.00	24,875.00	
04/01/2020	30,000	5.000%	24,875.00	54,875.00	79,750.00
10/01/2020			24,125.00	24,125.00	
04/01/2021	30,000	5.000%	24,125.00	54,125.00	78,250.00
10/01/2021			23,375.00	23,375.00	
04/01/2022	30,000	5.000%	23,375.00	53,375.00	76,750.00
10/01/2022			22,625.00	22,625.00	
04/01/2023	30,000	5.000%	22,625.00	52,625.00	75,250.00
10/01/2023			21,875.00	21,875.00	
04/01/2024	35,000	5.000%	21,875.00	56,875.00	78,750.00
10/01/2024			21,000.00	21,000.00	
04/01/2025	35,000	5.000%	21,000.00	56,000.00	77,000.00
10/01/2025			20,125.00	20,125.00	
04/01/2026	35,000	5.000%	20,125.00	55,125.00	75,250.00
10/01/2026			19,250.00	19,250.00	
04/01/2027	40,000	5.000%	19,250.00	59,250.00	78,500.00
10/01/2027			18,250.00	18,250.00	
04/01/2028	40,000	5.000%	18,250.00	58,250.00	76,500.00
10/01/2028			17,250.00	17,250.00	
04/01/2029	45,000	5.000%	17,250.00	62,250.00	79,500.00
10/01/2029			16,125.00	16,125.00	
04/01/2030	45,000	5.000%	16,125.00	61,125.00	77,250.00
10/01/2030			15,000.00	15,000.00	
04/01/2031	50,000	5.000%	15,000.00	65,000.00	80,000.00
10/01/2031			13,750.00	13,750.00	
04/01/2032	50,000	5.000%	13,750.00	63,750.00	77,500.00
10/01/2032			12,500.00	12,500.00	
04/01/2033	50,000	5.000%	12,500.00	62,500.00	75,000.00
10/01/2033			11,250.00	11,250.00	
04/01/2034	55,000	5.000%	11,250.00	66,250.00	77,500.00
10/01/2034			9,875.00	9,875.00	
04/01/2035	60,000	5.000%	9,875.00	69,875.00	79,750.00
10/01/2035			8,375.00	8,375.00	
04/01/2036	60,000	5.000%	8,375.00	68,375.00	76,750.00
10/01/2036			6,875.00	6,875.00	
04/01/2037	65,000	5.000%	6,875.00	71,875.00	78,750.00
10/01/2037			5,250.00	5,250.00	
04/01/2038	65,000	5.000%	5,250.00	70,250.00	75,500.00
10/01/2038			3,625.00	3,625.00	
04/01/2039	70,000	5.000%	3,625.00	73,625.00	77,250.00
10/01/2039			1,875.00	1,875.00	
04/01/2040	75,000	5.000%	1,875.00	76,875.00	78,750.00
	1,070,000		798,604.17	1,868,604.17	1,868,604.17

## BOND DEBT SERVICE

AMBB 2016 One Bonds  
Klawock Refunding

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2016	5,000	2.000%	1,507.78	6,507.78	6,507.78
10/01/2016			4,550.00	4,550.00	
04/01/2017	10,000	2.000%	4,550.00	14,550.00	19,100.00
10/01/2017			4,450.00	4,450.00	
04/01/2018	10,000	4.000%	4,450.00	14,450.00	18,900.00
10/01/2018			4,250.00	4,250.00	
04/01/2019	10,000	5.000%	4,250.00	14,250.00	18,500.00
10/01/2019			4,000.00	4,000.00	
04/01/2020	10,000	5.000%	4,000.00	14,000.00	18,000.00
10/01/2020			3,750.00	3,750.00	
04/01/2021	10,000	5.000%	3,750.00	13,750.00	17,500.00
10/01/2021			3,500.00	3,500.00	
04/01/2022	10,000	5.000%	3,500.00	13,500.00	17,000.00
10/01/2022			3,250.00	3,250.00	
04/01/2023	10,000	5.000%	3,250.00	13,250.00	16,500.00
10/01/2023			3,000.00	3,000.00	
04/01/2024	10,000	5.000%	3,000.00	13,000.00	16,000.00
10/01/2024			2,750.00	2,750.00	
04/01/2025	10,000	5.000%	2,750.00	12,750.00	15,500.00
10/01/2025			2,500.00	2,500.00	
04/01/2026	10,000	5.000%	2,500.00	12,500.00	15,000.00
10/01/2026			2,250.00	2,250.00	
04/01/2027	10,000	5.000%	2,250.00	12,250.00	14,500.00
10/01/2027			2,000.00	2,000.00	
04/01/2028	15,000	5.000%	2,000.00	17,000.00	19,000.00
10/01/2028			1,625.00	1,625.00	
04/01/2029	15,000	5.000%	1,625.00	16,625.00	18,250.00
10/01/2029			1,250.00	1,250.00	
04/01/2030	15,000	5.000%	1,250.00	16,250.00	17,500.00
10/01/2030			875.00	875.00	
04/01/2031	15,000	5.000%	875.00	15,875.00	16,750.00
10/01/2031			500.00	500.00	
04/01/2032	15,000	5.000%	500.00	15,500.00	16,000.00
10/01/2032			125.00	125.00	
04/01/2033	5,000	5.000%	125.00	5,125.00	5,250.00
	195,000		90,757.78	285,757.78	285,757.78

## BOND DEBT SERVICE

AMBB 2016 One Bonds  
KIB 10-Year Loan

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2016			40,046.25	40,046.25	40,046.25
10/01/2016			122,175.00	122,175.00	
04/01/2017	495,000	2.000%	122,175.00	617,175.00	739,350.00
10/01/2017			117,225.00	117,225.00	
04/01/2018	505,000	4.000%	117,225.00	622,225.00	739,450.00
10/01/2018			107,125.00	107,125.00	
04/01/2019	525,000	5.000%	107,125.00	632,125.00	739,250.00
10/01/2019			94,000.00	94,000.00	
04/01/2020	555,000	5.000%	94,000.00	649,000.00	743,000.00
10/01/2020			80,125.00	80,125.00	
04/01/2021	580,000	5.000%	80,125.00	660,125.00	740,250.00
10/01/2021			65,625.00	65,625.00	
04/01/2022	610,000	5.000%	65,625.00	675,625.00	741,250.00
10/01/2022			50,375.00	50,375.00	
04/01/2023	640,000	5.000%	50,375.00	690,375.00	740,750.00
10/01/2023			34,375.00	34,375.00	
04/01/2024	670,000	5.000%	34,375.00	704,375.00	738,750.00
10/01/2024			17,625.00	17,625.00	
04/01/2025	705,000	5.000%	17,625.00	722,625.00	740,250.00
	5,285,000		1,417,346.25	6,702,346.25	6,702,346.25

## BOND DEBT SERVICE

AMBB 2016 One Bonds  
KIB 20-Year Loan

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2016			14,020.69	14,020.69	14,020.69
10/01/2016			42,775.00	42,775.00	
04/01/2017	55,000	2.000%	42,775.00	97,775.00	140,550.00
10/01/2017			42,225.00	42,225.00	
04/01/2018	55,000	4.000%	42,225.00	97,225.00	139,450.00
10/01/2018			41,125.00	41,125.00	
04/01/2019	60,000	5.000%	41,125.00	101,125.00	142,250.00
10/01/2019			39,625.00	39,625.00	
04/01/2020	60,000	5.000%	39,625.00	99,625.00	139,250.00
10/01/2020			38,125.00	38,125.00	
04/01/2021	65,000	5.000%	38,125.00	103,125.00	141,250.00
10/01/2021			36,500.00	36,500.00	
04/01/2022	70,000	5.000%	36,500.00	106,500.00	143,000.00
10/01/2022			34,750.00	34,750.00	
04/01/2023	70,000	5.000%	34,750.00	104,750.00	139,500.00
10/01/2023			33,000.00	33,000.00	
04/01/2024	75,000	5.000%	33,000.00	108,000.00	141,000.00
10/01/2024			31,125.00	31,125.00	
04/01/2025	80,000	5.000%	31,125.00	111,125.00	142,250.00
10/01/2025			29,125.00	29,125.00	
04/01/2026	80,000	5.000%	29,125.00	109,125.00	138,250.00
10/01/2026			27,125.00	27,125.00	
04/01/2027	85,000	5.000%	27,125.00	112,125.00	139,250.00
10/01/2027			25,000.00	25,000.00	
04/01/2028	90,000	5.000%	25,000.00	115,000.00	140,000.00
10/01/2028			22,750.00	22,750.00	
04/01/2029	95,000	5.000%	22,750.00	117,750.00	140,500.00
10/01/2029			20,375.00	20,375.00	
04/01/2030	100,000	5.000%	20,375.00	120,375.00	140,750.00
10/01/2030			17,875.00	17,875.00	
04/01/2031	105,000	5.000%	17,875.00	122,875.00	140,750.00
10/01/2031			15,250.00	15,250.00	
04/01/2032	110,000	5.000%	15,250.00	125,250.00	140,500.00
10/01/2032			12,500.00	12,500.00	
04/01/2033	115,000	5.000%	12,500.00	127,500.00	140,000.00
10/01/2033			9,625.00	9,625.00	
04/01/2034	120,000	5.000%	9,625.00	129,625.00	139,250.00
10/01/2034			6,625.00	6,625.00	
04/01/2035	130,000	5.000%	6,625.00	136,625.00	143,250.00
10/01/2035			3,375.00	3,375.00	
04/01/2036	135,000	5.000%	3,375.00	138,375.00	141,750.00
	1,755,000		1,071,770.69	2,826,770.69	2,826,770.69

## BOND DEBT SERVICE

AMBB 2016 One Bonds  
Seward 2008I Refunding

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2016			156,882.64	156,882.64	156,882.64
10/01/2016			478,625.00	478,625.00	
04/01/2017			478,625.00	478,625.00	957,250.00
10/01/2017			478,625.00	478,625.00	
04/01/2018			478,625.00	478,625.00	957,250.00
10/01/2018			478,625.00	478,625.00	
04/01/2019	890,000	5.000%	478,625.00	1,368,625.00	1,847,250.00
10/01/2019			456,375.00	456,375.00	
04/01/2020	935,000	5.000%	456,375.00	1,391,375.00	1,847,750.00
10/01/2020			433,000.00	433,000.00	
04/01/2021	980,000	5.000%	433,000.00	1,413,000.00	1,846,000.00
10/01/2021			408,500.00	408,500.00	
04/01/2022	1,030,000	5.000%	408,500.00	1,438,500.00	1,847,000.00
10/01/2022			382,750.00	382,750.00	
04/01/2023	1,080,000	5.000%	382,750.00	1,462,750.00	1,845,500.00
10/01/2023			355,750.00	355,750.00	
04/01/2024	1,130,000	5.000%	355,750.00	1,485,750.00	1,841,500.00
10/01/2024			327,500.00	327,500.00	
04/01/2025	1,190,000	5.000%	327,500.00	1,517,500.00	1,845,000.00
10/01/2025			297,750.00	297,750.00	
04/01/2026	1,250,000	5.000%	297,750.00	1,547,750.00	1,845,500.00
10/01/2026			266,500.00	266,500.00	
04/01/2027	1,310,000	5.000%	266,500.00	1,576,500.00	1,843,000.00
10/01/2027			233,750.00	233,750.00	
04/01/2028	1,375,000	5.000%	233,750.00	1,608,750.00	1,842,500.00
10/01/2028			199,375.00	199,375.00	
04/01/2029	1,445,000	5.000%	199,375.00	1,644,375.00	1,843,750.00
10/01/2029			163,250.00	163,250.00	
04/01/2030	1,515,000	5.000%	163,250.00	1,678,250.00	1,841,500.00
10/01/2030			125,375.00	125,375.00	
04/01/2031	1,595,000	5.000%	125,375.00	1,720,375.00	1,845,750.00
10/01/2031			85,500.00	85,500.00	
04/01/2032	1,670,000	5.000%	85,500.00	1,755,500.00	1,841,000.00
10/01/2032			43,750.00	43,750.00	
04/01/2033	1,750,000	5.000%	43,750.00	1,793,750.00	1,837,500.00
	19,145,000		10,586,882.64	29,731,882.64	29,731,882.64

## BOND DEBT SERVICE

AMBB 2016 One Bonds  
Seward 2008II Refunding

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/01/2016	70,000	2.000%	37,923.89	107,923.89	107,923.89
10/01/2016			115,000.00	115,000.00	
04/01/2017			115,000.00	115,000.00	230,000.00
10/01/2017			115,000.00	115,000.00	
04/01/2018			115,000.00	115,000.00	230,000.00
10/01/2018	140,000	5.000%	115,000.00	115,000.00	
04/01/2019			115,000.00	255,000.00	370,000.00
10/01/2019			111,500.00	111,500.00	
04/01/2020			111,500.00	256,500.00	368,000.00
10/01/2020			107,875.00	107,875.00	
04/01/2021	150,000	5.000%	107,875.00	257,875.00	365,750.00
10/01/2021	165,000	5.000%	104,125.00	104,125.00	
04/01/2022			104,125.00	269,125.00	373,250.00
10/01/2022			100,000.00	100,000.00	
04/01/2023			100,000.00	275,000.00	375,000.00
10/01/2023			95,625.00	95,625.00	
04/01/2024	180,000	5.000%	95,625.00	275,625.00	371,250.00
10/01/2024	185,000	5.000%	91,125.00	91,125.00	
04/01/2025			91,125.00	276,125.00	367,250.00
10/01/2025			86,500.00	86,500.00	
04/01/2026			86,500.00	281,500.00	368,000.00
10/01/2026			81,625.00	81,625.00	
04/01/2027	205,000	5.000%	81,625.00	286,625.00	368,250.00
10/01/2027	215,000	5.000%	76,500.00	76,500.00	
04/01/2028			76,500.00	291,500.00	368,000.00
10/01/2028			71,125.00	71,125.00	
04/01/2029			71,125.00	296,125.00	367,250.00
10/01/2029			65,500.00	65,500.00	
04/01/2030	240,000	5.000%	65,500.00	305,500.00	371,000.00
10/01/2030	250,000	5.000%	59,500.00	59,500.00	
04/01/2031			59,500.00	309,500.00	369,000.00
10/01/2031			53,250.00	53,250.00	
04/01/2032			53,250.00	313,250.00	366,500.00
10/01/2032			46,750.00	46,750.00	
04/01/2033	275,000	5.000%	46,750.00	321,750.00	368,500.00
10/01/2033	290,000	5.000%	39,875.00	39,875.00	
04/01/2034			39,875.00	329,875.00	369,750.00
10/01/2034			32,625.00	32,625.00	
04/01/2035			32,625.00	337,625.00	370,250.00
10/01/2035			25,000.00	25,000.00	
04/01/2036	315,000	5.000%	25,000.00	340,000.00	365,000.00
10/01/2036	335,000	5.000%	17,125.00	17,125.00	
04/01/2037			17,125.00	352,125.00	369,250.00
10/01/2037			8,750.00	8,750.00	
04/01/2038			8,750.00	358,750.00	367,500.00
	4,670,000		3,276,673.89	7,946,673.89	7,946,673.89



## SUMMARY OF REFUNDING RESULTS

AMBB 2016 One Bonds  
Alaska Bond Bank Series 2016 One

	Klawock Refunding	Seward 2008I Refunding	Seward 2008II Refunding	Total
Dated Date	02/02/2016	02/02/2016	02/02/2016	02/02/2016
Delivery Date	02/02/2016	02/02/2016	02/02/2016	02/02/2016
Arbitrage Yield	2.722345%	2.722345%	2.722345%	2.722345%
Escrow Yield		0.969264%	1.017191%	0.979006%
Value of Negative Arbitrage		790,165.95	195,815.61	985,981.56
Bond Par Amount	195,000.00	19,145,000.00	4,670,000.00	24,010,000.00
True Interest Cost	3.092575%	3.205932%	3.624327%	3.298867%
Net Interest Cost	3.412064%	3.532314%	3.966107%	3.633392%
Average Coupon	4.967698%	5.000000%	4.999475%	4.999665%
Average Life	9.369	11.060	14.034	11.625
Par amount of refunded bonds	213,769.17	20,530,000.00	4,840,000.00	25,583,769.17
Average coupon of refunded bonds	4.250000%	4.935752%	5.149246%	4.981123%
Average life of refunded bonds	9.417	11.029	14.434	11.660
PV of prior debt	242,974.94	25,059,430.20	6,234,961.82	31,537,366.95
Net PV Savings	17,814.83	1,466,449.39	349,462.82	1,833,727.04
Percentage savings of refunded bonds	8.333676%	7.142959%	7.220306%	7.167541%
Percentage savings of refunding bonds	9.135810%	7.659699%	7.483144%	7.637347%

## SUMMARY OF BONDS REFUNDED

AMBB 2016 One Bonds Klawock Refunding					
Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Klawock 2002 Loan, KLWOCK02:					
USDABOND	04/01/2016	4.250%	4,350.96	02/02/2016	100.000
	10/01/2016	4.250%	4,443.42	02/02/2016	100.000
	04/01/2017	4.250%	4,537.84	02/02/2016	100.000
	10/01/2017	4.250%	4,634.27	02/02/2016	100.000
	04/01/2018	4.250%	4,732.75	02/02/2016	100.000
	10/01/2018	4.250%	4,833.32	02/02/2016	100.000
	04/01/2019	4.250%	4,936.02	02/02/2016	100.000
	10/01/2019	4.250%	5,040.92	02/02/2016	100.000
	04/01/2020	4.250%	5,148.03	02/02/2016	100.000
	10/01/2020	4.250%	5,257.43	02/02/2016	100.000
	04/01/2021	4.250%	5,369.15	02/02/2016	100.000
	10/01/2021	4.250%	5,483.25	02/02/2016	100.000
	04/01/2022	4.250%	5,599.76	02/02/2016	100.000
	10/01/2022	4.250%	5,718.76	02/02/2016	100.000
	04/01/2023	4.250%	5,840.28	02/02/2016	100.000
	10/01/2023	4.250%	5,964.39	02/02/2016	100.000
	04/01/2024	4.250%	6,091.13	02/02/2016	100.000
	10/01/2024	4.250%	6,220.57	02/02/2016	100.000
	04/01/2025	4.250%	6,352.76	02/02/2016	100.000
	10/01/2025	4.250%	6,487.75	02/02/2016	100.000
	04/01/2026	4.250%	6,625.62	02/02/2016	100.000
	10/01/2026	4.250%	6,766.41	02/02/2016	100.000
	04/01/2027	4.250%	6,910.20	02/02/2016	100.000
	10/01/2027	4.250%	7,057.04	02/02/2016	100.000
	04/01/2028	4.250%	7,207.00	02/02/2016	100.000
	10/01/2028	4.250%	7,360.15	02/02/2016	100.000
	04/01/2029	4.250%	7,516.55	02/02/2016	100.000
	10/01/2029	4.250%	7,676.28	02/02/2016	100.000
	04/01/2030	4.250%	7,839.40	02/02/2016	100.000
	10/01/2030	4.250%	8,005.99	02/02/2016	100.000
	04/01/2031	4.250%	8,176.12	02/02/2016	100.000
	10/01/2031	4.250%	8,349.86	02/02/2016	100.000
	04/01/2032	4.250%	8,527.29	02/02/2016	100.000
	10/01/2032	4.250%	8,708.50	02/02/2016	100.000
			213,769.17		

SUMMARY OF BONDS REFUNDED

AMBB 2016 One Bonds Seward 2008I Refunding					
Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Seward 2008 One Loan, SWRD .08I:					
SWRD08SR	04/01/2019	4.000%	985,000.00	04/01/2018	100.000
	04/01/2020	4.250%	1,025,000.00	04/01/2018	100.000
	04/01/2021	4.250%	1,065,000.00	04/01/2018	100.000
	04/01/2022	4.375%	1,110,000.00	04/01/2018	100.000
	04/01/2023	4.500%	1,160,000.00	04/01/2018	100.000
	04/01/2024	4.700%	1,210,000.00	04/01/2018	100.000
	04/01/2025	4.800%	1,270,000.00	04/01/2018	100.000
	04/01/2026	4.900%	1,330,000.00	04/01/2018	100.000
	04/01/2027	5.000%	1,395,000.00	04/01/2018	100.000
	04/01/2028	5.000%	1,465,000.00	04/01/2018	100.000
	04/01/2029	5.000%	1,540,000.00	04/01/2018	100.000
SD08IT33	04/01/2033	5.100%	6,975,000.00	04/01/2018	100.000
			20,530,000.00		

SUMMARY OF BONDS REFUNDED

AMBB 2016 One Bonds Seward 2008II Refunding					
Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Seward 2008II Loan, SWD_08II:					
SD08IISR	06/01/2019	4.400%	150,000.00	06/01/2018	100.000
	06/01/2020	4.500%	155,000.00	06/01/2018	100.000
	06/01/2021	4.600%	160,000.00	06/01/2018	100.000
	06/01/2022	4.700%	170,000.00	06/01/2018	100.000
	06/01/2023	4.750%	180,000.00	06/01/2018	100.000
	06/01/2024	4.800%	185,000.00	06/01/2018	100.000
	06/01/2025	4.850%	195,000.00	06/01/2018	100.000
	06/01/2026	4.900%	205,000.00	06/01/2018	100.000
SD8IIT28	06/01/2028	5.000%	440,000.00	06/01/2018	100.000
SD8IIT30	06/01/2030	5.125%	485,000.00	06/01/2018	100.000
SD8IIT38	06/01/2038	5.250%	2,515,000.00	06/01/2018	100.000
			4,840,000.00		

## SAVINGS

AMBB 2016 One Bonds  
Klawock Refunding

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 02/02/2016 @ 2.7223449%
04/01/2016	8,893.55	6,507.78	2,385.77	2,385.77	2,375.22
10/01/2016	8,893.56	4,550.00	4,343.56		4,266.28
04/01/2017	8,893.55	14,550.00	-5,656.45	-1,312.89	-5,481.21
10/01/2017	8,893.56	4,450.00	4,443.56		4,248.07
04/01/2018	8,893.56	14,450.00	-5,556.44	-1,112.88	-5,240.65
10/01/2018	8,893.56	4,250.00	4,643.56		4,320.84
04/01/2019	8,893.55	14,250.00	-5,356.45	-712.89	-4,917.25
10/01/2019	8,893.56	4,000.00	4,893.56		4,431.99
04/01/2020	8,893.55	14,000.00	-5,106.45	-212.89	-4,562.70
10/01/2020	8,893.55	3,750.00	5,143.55		4,534.13
04/01/2021	8,893.55	13,750.00	-4,856.45	287.10	-4,223.55
10/01/2021	8,893.56	3,500.00	5,393.56		4,627.68
04/01/2022	8,893.55	13,500.00	-4,606.45	787.11	-3,899.26
10/01/2022	8,893.55	3,250.00	5,643.55		4,712.99
04/01/2023	8,893.55	13,250.00	-4,356.45	1,287.10	-3,589.26
10/01/2023	8,893.55	3,000.00	5,893.55		4,790.47
04/01/2024	8,893.55	13,000.00	-4,106.45	1,787.10	-3,293.03
10/01/2024	8,893.55	2,750.00	6,143.55		4,860.46
04/01/2025	8,893.56	12,750.00	-3,856.44	2,287.11	-3,010.04
10/01/2025	8,893.55	2,500.00	6,393.55		4,923.30
04/01/2026	8,893.56	12,500.00	-3,606.44	2,787.11	-2,739.82
10/01/2026	8,893.55	2,250.00	6,643.55		4,979.34
04/01/2027	8,893.56	12,250.00	-3,356.44	3,287.11	-2,481.87
10/01/2027	8,893.55	2,000.00	6,893.55		5,028.88
04/01/2028	8,893.55	17,000.00	-8,106.45	-1,212.90	-5,834.28
10/01/2028	8,893.55	1,625.00	7,268.55		5,160.98
04/01/2029	8,893.55	16,625.00	-7,731.45	-462.90	-5,415.94
10/01/2029	8,893.55	1,250.00	7,643.55		5,282.47
04/01/2030	8,893.55	16,250.00	-7,356.45	287.10	-5,015.78
10/01/2030	8,893.55	875.00	8,018.55		5,393.79
04/01/2031	8,893.56	15,875.00	-6,981.44	1,037.11	-4,633.10
10/01/2031	8,893.56	500.00	8,393.56		5,495.42
04/01/2032	8,893.55	15,500.00	-6,606.45	1,787.11	-4,267.28
10/01/2032	8,893.56	125.00	8,768.56		5,587.79
04/01/2033		5,125.00	-5,125.00	3,643.56	-3,222.06
	302,380.82	285,757.78	16,623.04	16,623.04	13,193.01

Savings Summary

PV of savings from cash flow	13,193.01
Less: Prior funds on hand	-14,172.23
Plus: Refunding funds on hand	18,794.05
Net PV Savings	17,814.83

## SAVINGS

AMBB 2016 One Bonds  
Seward 2008I Refunding

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Annual Savings	Present Value to 02/02/2016 @ 2.7223449%
02/02/2016		330,000.00	-330,000.00		-330,000.00		-330,000.00
04/01/2016	493,856.25		493,856.25	156,882.64	336,973.61	6,973.61	335,483.61
10/01/2016	493,856.25		493,856.25	478,625.00	15,231.25		14,960.27
04/01/2017	493,856.25		493,856.25	478,625.00	15,231.25	30,462.50	14,759.37
10/01/2017	493,856.25		493,856.25	478,625.00	15,231.25		14,561.16
04/01/2018	493,856.25		493,856.25	478,625.00	15,231.25	30,462.50	14,365.62
10/01/2018	493,856.25		493,856.25	478,625.00	15,231.25		14,172.71
04/01/2019	1,478,856.25		1,478,856.25	1,368,625.00	110,231.25	125,462.50	101,192.98
10/01/2019	474,156.25		474,156.25	456,375.00	17,781.25		16,104.09
04/01/2020	1,499,156.25		1,499,156.25	1,391,375.00	107,781.25	125,562.50	96,304.29
10/01/2020	452,375.00		452,375.00	433,000.00	19,375.00		17,079.40
04/01/2021	1,517,375.00		1,517,375.00	1,413,000.00	104,375.00	123,750.00	90,772.78
10/01/2021	429,743.75		429,743.75	408,500.00	21,243.75		18,227.15
04/01/2022	1,539,743.75		1,539,743.75	1,438,500.00	101,243.75	122,487.50	85,700.65
10/01/2022	405,462.50		405,462.50	382,750.00	22,712.50		18,967.46
04/01/2023	1,565,462.50		1,565,462.50	1,462,750.00	102,712.50	125,425.00	84,624.47
10/01/2023	379,362.50		379,362.50	355,750.00	23,612.50		19,193.01
04/01/2024	1,589,362.50		1,589,362.50	1,485,750.00	103,612.50	127,225.00	83,088.62
10/01/2024	350,927.50		350,927.50	327,500.00	23,427.50		18,534.62
04/01/2025	1,620,927.50		1,620,927.50	1,517,500.00	103,427.50	126,855.00	80,727.63
10/01/2025	320,447.50		320,447.50	297,750.00	22,697.50		17,478.03
04/01/2026	1,650,447.50		1,650,447.50	1,547,750.00	102,697.50	125,395.00	78,019.43
10/01/2026	287,862.50		287,862.50	266,500.00	21,362.50		16,011.18
04/01/2027	1,682,862.50		1,682,862.50	1,576,500.00	106,362.50	127,725.00	78,648.09
10/01/2027	252,987.50		252,987.50	233,750.00	19,237.50		14,033.84
04/01/2028	1,717,987.50		1,717,987.50	1,608,750.00	109,237.50	128,475.00	78,619.12
10/01/2028	216,362.50		216,362.50	199,375.00	16,987.50		12,061.86
04/01/2029	1,756,362.50		1,756,362.50	1,644,375.00	111,987.50	128,975.00	78,448.15
10/01/2029	177,862.50		177,862.50	163,250.00	14,612.50		10,098.71
04/01/2030	1,792,862.50		1,792,862.50	1,678,250.00	114,612.50	129,225.00	78,145.12
10/01/2030	136,680.00		136,680.00	125,375.00	11,305.00		7,604.47
04/01/2031	1,836,680.00		1,836,680.00	1,720,375.00	116,305.00	127,610.00	77,183.60
10/01/2031	93,330.00		93,330.00	85,500.00	7,830.00		5,126.45
04/01/2032	1,878,330.00		1,878,330.00	1,755,500.00	122,830.00	130,660.00	79,339.21
10/01/2032	47,812.50		47,812.50	43,750.00	4,062.50		2,588.84
04/01/2033	1,922,812.50		1,922,812.50	1,793,750.00	129,062.50	133,125.00	81,140.98
	32,037,738.75	330,000.00	31,707,738.75	29,731,882.64	1,975,856.11	1,975,856.11	1,523,366.97

Savings Summary

PV of savings from cash flow	1,523,366.97
Less: Prior funds on hand	-1,973,360.00
Plus: Refunding funds on hand	1,916,442.42
Net PV Savings	1,466,449.39

## SAVINGS

AMBB 2016 One Bonds  
Seward 2008II Refunding

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 02/02/2016 @ 2.7223449%
04/01/2016		107,923.89	-107,923.89	-107,923.89	-107,446.68
06/01/2016	122,375.63		122,375.63		121,286.69
10/01/2016		115,000.00	-115,000.00		-112,954.00
12/01/2016	122,375.63		122,375.63		119,657.94
04/01/2017		115,000.00	-115,000.00	14,751.26	-111,437.15
06/01/2017	122,375.63		122,375.63		118,051.06
10/01/2017		115,000.00	-115,000.00		-109,940.67
12/01/2017	122,375.63		122,375.63		116,465.76
04/01/2018		115,000.00	-115,000.00	14,751.26	-108,464.28
06/01/2018	122,375.63		122,375.63		114,901.75
10/01/2018		115,000.00	-115,000.00		-107,007.72
12/01/2018	122,375.63		122,375.63		113,358.74
04/01/2019		255,000.00	-255,000.00	-125,248.74	-234,091.61
06/01/2019	272,375.63		272,375.63		248,918.23
10/01/2019		111,500.00	-111,500.00		-100,983.15
12/01/2019	119,075.63		119,075.63		107,359.31
04/01/2020		256,500.00	-256,500.00	23,451.26	-229,186.89
06/01/2020	274,075.63		274,075.63		243,789.85
10/01/2020		107,875.00	-107,875.00		-95,093.67
12/01/2020	115,588.13		115,588.13		101,434.76
04/01/2021		257,875.00	-257,875.00	23,913.76	-224,268.56
06/01/2021	275,588.13		275,588.13		238,595.62
10/01/2021		104,125.00	-104,125.00		-89,339.30
12/01/2021	111,908.13		111,908.13		95,585.49
04/01/2022		269,125.00	-269,125.00	14,246.26	-227,808.51
06/01/2022	281,908.13		281,908.13		237,556.16
10/01/2022		100,000.00	-100,000.00		-83,511.12
12/01/2022	107,913.13		107,913.13		89,714.24
04/01/2023		275,000.00	-275,000.00	14,821.26	-226,571.54
06/01/2023	287,913.13		287,913.13		236,144.00
10/01/2023		95,625.00	-95,625.00		-77,727.10
12/01/2023	103,638.13		103,638.13		83,861.65
04/01/2024		275,625.00	-275,625.00	20,301.26	-221,028.37
06/01/2024	288,638.13		288,638.13		230,423.04
10/01/2024		91,125.00	-91,125.00		-72,093.37
12/01/2024	99,198.13		99,198.13		78,127.52
04/01/2025		276,125.00	-276,125.00	20,586.26	-215,522.14
06/01/2025	294,198.13		294,198.13		228,596.12
10/01/2025		86,500.00	-86,500.00		-66,608.65
12/01/2025	94,469.38		94,469.38		72,418.31
04/01/2026		281,500.00	-281,500.00	20,667.51	-213,855.93
06/01/2026	299,469.38		299,469.38		226,484.31
10/01/2026		81,625.00	-81,625.00		-61,177.89
12/01/2026	89,446.88		89,446.88		66,738.93
04/01/2027		286,625.00	-286,625.00	20,666.26	-211,940.39
06/01/2027	304,446.88		304,446.88		224,106.25
10/01/2027		76,500.00	-76,500.00		-55,807.10
12/01/2027	84,071.88		84,071.88		61,055.05
04/01/2028		291,500.00	-291,500.00	20,518.76	-209,794.92
06/01/2028	309,071.88		309,071.88		221,441.33
10/01/2028		71,125.00	-71,125.00		-50,501.82
12/01/2028	78,446.88		78,446.88		55,450.22
04/01/2029		296,125.00	-296,125.00	20,268.76	-207,437.96
06/01/2029	313,446.88		313,446.88		218,584.77
10/01/2029		65,500.00	-65,500.00		-45,267.12
12/01/2029	72,425.00		72,425.00		49,827.93
04/01/2030		305,500.00	-305,500.00	14,871.88	-208,296.09
06/01/2030	322,425.00		322,425.00		218,847.41
10/01/2030		59,500.00	-59,500.00		-40,023.52
12/01/2030	66,018.75		66,018.75		44,208.76
04/01/2031		309,500.00	-309,500.00	19,443.75	-205,393.79
06/01/2031	326,018.75		326,018.75		215,383.30

## SAVINGS

AMBB 2016 One Bonds  
Seward 2008II Refunding

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 02/02/2016 @ 2.7223449%
10/01/2031		53,250.00	-53,250.00		-34,863.79
12/01/2031	59,193.75		59,193.75		38,581.02
04/01/2032		313,250.00	-313,250.00	18,712.50	-202,336.62
06/01/2032	334,193.75		334,193.75		214,894.11
10/01/2032		46,750.00	-46,750.00		-29,791.57
12/01/2032	51,975.00		51,975.00		32,972.29
04/01/2033		321,750.00	-321,750.00	17,668.75	-202,282.68
06/01/2033	341,975.00		341,975.00		214,031.31
10/01/2033		39,875.00	-39,875.00		-24,732.57
12/01/2033	44,362.50		44,362.50		27,392.23
04/01/2034		329,875.00	-329,875.00	16,587.50	-201,858.16
06/01/2034	349,362.50		349,362.50		212,821.73
10/01/2034		32,625.00	-32,625.00		-19,695.90
12/01/2034	36,356.25		36,356.25		21,849.78
04/01/2035		337,625.00	-337,625.00	15,468.75	-201,088.97
06/01/2035	356,356.25		356,356.25		211,290.91
10/01/2035		25,000.00	-25,000.00		-14,690.01
12/01/2035	27,956.25		27,956.25		16,353.24
04/01/2036		340,000.00	-340,000.00	19,312.50	-197,101.22
06/01/2036	362,956.25		362,956.25		209,463.07
10/01/2036		17,125.00	-17,125.00		-9,794.21
12/01/2036	19,162.50		19,162.50		10,910.23
04/01/2037		352,125.00	-352,125.00	12,868.75	-198,684.51
06/01/2037	374,162.50		374,162.50		210,169.75
10/01/2037		8,750.00	-8,750.00		-4,870.84
12/01/2037	9,843.75		9,843.75		5,455.05
04/01/2038		358,750.00	-358,750.00	16,506.25	-197,022.49
06/01/2038	384,843.75		384,843.75		210,402.61
04/01/2039				384,843.75	
	8,478,729.51	7,946,673.89	532,055.62	532,055.62	365,567.29

Savings Summary

PV of savings from cash flow	365,567.29
Less: Prior funds on hand	-396,036.26
Plus: Refunding funds on hand	379,931.79
Net PV Savings	349,462.82



*This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.*

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 4, 2016**

New Issue  
Book-Entry Only  
Competitive Sale: January 20, 2016  
(via Parity)

Fitch Rating: Applied For  
Standard & Poor's Rating: Applied For  
(See "Ratings" herein.)

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel also is of the opinion based upon existing laws of the State of Alaska that interest on the 2016 Series One Bonds is exempt from taxation by the State except for transfer, inheritance and estate taxes. See "TAX MATTERS" herein.*

**\$37,500,000\***  
**Alaska Municipal Bond Bank**  
**General Obligation and Refunding Bonds, 2016 Series One**

**Dated: Date of Delivery**

**Due: As shown on inside cover**

The Alaska Municipal Bond Bank (the "Bond Bank") is issuing \$37,500,000\* principal amount of General Obligation and Refunding Bonds, 2016 Series One (the "2016 Series One Bonds"). The 2016 Series One Bonds initially will be issued as fully registered bonds, in book-entry form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will serve as depository for the 2016 Series One Bonds. Individual purchases of the 2016 Series One Bonds will be made in principal amounts of \$5,000 or integral multiples thereof within a single maturity and interest rate. Purchasers of the 2016 Series One Bonds will not receive certificates representing their beneficial ownership interests in the 2016 Series One Bonds. Interest on the 2016 Series One Bonds will accrue from the date of delivery of the 2016 Series One Bonds, or from the most recent interest payment date to which interest has been paid, and is payable on each April 1 and October 1, commencing April 1, 2016.

The Bank of New York Mellon Trust Company, N.A., of San Francisco, California, as the Trustee and Paying Agent for the 2016 Series One Bonds, will make principal and interest payments to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC. Disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants. See "DESCRIPTION OF THE 2016 SERIES ONE BONDS" and "APPENDIX G – DTC AND BOOK-ENTRY SYSTEM."

The 2016 Series One Bonds are subject to redemption prior to their stated maturity dates. See "DESCRIPTION OF THE 2016 SERIES ONE BONDS – Optional Redemption" and "Mandatory Redemption."

The 2016 Series One Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the punctual payment of the principal of and interest on the 2016 Series One Bonds. The 2016 Series One Bonds are equally and ratably secured by the pledge and assignment of all Municipal Bonds acquired by the Bond Bank under the Bond Bank's 2005 General Bond Resolution on a parity with other Bonds of the Bond Bank heretofore or hereafter issued under the 2005 General Bond Resolution. The 2016 Series One Bonds are the thirty-third series of Bonds issued under the 2005 General Obligation Bond Resolution.

**The 2016 Series One Bonds do not constitute a debt or other liability of the State of Alaska, and the 2016 Series One Bonds do not directly, indirectly or contingently obligate the State of Alaska to levy any form of taxation or make any appropriation for the payment of the 2016 Series One Bonds. Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2016 Series One Bonds. The Bond Bank has no taxing power. See "SECURITY FOR THE 2016 SERIES ONE BONDS."**

The 2016 Series One Bonds are offered when, as and if issued, subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the Governmental Units by their respective bond counsel. It is expected that the 2016 Series One Bonds in definitive form will be issued and available by Fast Automated Securities Transfer for delivery through the facilities of DTC in New York, New York, on or about February 2, 2016.

\* Preliminary, subject to change.

**\$37,500,000\***  
**Alaska Municipal Bond Bank**  
**General Obligation and Refunding Bonds**  
**2016 Series One**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<b>Due April 1</b>	<b>Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>(1)</sup> 01179R</b>	<b>Due April 1</b>	<b>Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Number<sup>(1)</sup> 01179R</b>
2016	\$	%	%		2031	\$	%	%	
2017					2032				
2018					2033				
2019					2034				
2020					2035				
2021					2036				
2022					2037				
2023					2038				
2024					2039				
2025					2040				
2026					2041				
2027					2042				
2028					2043				
2029					2044				
3030									

\$ \_\_\_\_\_ % Term Bond due October 1, 20\_\_; yield \_\_\_\_%  
CUSIP Number 01179R \_\_\_\_

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\* Preliminary, subject to change.

This Official Statement is furnished by the Bond Bank to provide information regarding the sale of the 2016 Series One Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The delivery of this Official Statement does not imply that information herein is correct as of any time subsequent to the date hereof. No dealer, salesman or any other person has been authorized by the Bond Bank to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such an offer, solicitation, or sale.

The information and expressions of opinion set forth in this Official Statement have been furnished by the Bond Bank and include information from other sources that the Bond Bank believes to be reliable. Neither this Official Statement nor any statement which may have been made orally is to be construed as a contract with the owners of any of the 2016 Series One Bonds.

**UPON ISSUANCE, THE 2016 SERIES ONE BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE, OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE BOND BANK, WILL HAVE PASSED ON THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE 2016 SERIES ONE BONDS FOR SALE. THE 2005 GENERAL BOND RESOLUTION WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.**

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**ALASKA MUNICIPAL BOND BANK**  
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**P.O. Box 110405**  
**Juneau, Alaska 99811-0405**  
**(907) 465-2388**  
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Mark Pfeffer - Chair  
Luke Welles - Vice Chair  
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(Michael Lamb - First Delegate to Chris Hladick)  
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Deven J. Mitchell

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Ryan S. Williams

**Bond Counsel**

Orrick, Herrington & Sutcliffe LLP  
Seattle, Washington

**Trustee**

The Bank of New York Mellon Trust Company, N.A.  
San Francisco, California

**Municipal Advisor**

Western Financial Group, LLC  
Portland, Oregon

The reference above to the Bond Bank's website is contact information provided only for convenience. The reference is not a hyperlink and, by this reference, the Bond Bank's website is not incorporated into this Official Statement.

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**OFFICIAL STATEMENT**  
**\$37,500,000\***  
**ALASKA MUNICIPAL BOND BANK**  
**GENERAL OBLIGATION AND REFUNDING BONDS**  
**2016 SERIES ONE**

**INTRODUCTION**

This Official Statement is furnished by the Alaska Municipal Bond Bank (the “Bond Bank”) to provide information regarding the Bond Bank in connection with the sale of its \$37,500,000\* principal amount of General Obligation and Refunding Bonds, 2016 Series One (the “2016 Series One Bonds”). The Bond Bank was created pursuant to Alaska Statutes 44.85.005 – 44.85.420, as amended (the “Act”), for the primary purpose of lending money to Governmental Units in the State of Alaska (the “State”) including the purchase of Municipal Bonds issued by such Governmental Units. Certain capitalized terms used in this Official Statement, and not otherwise defined herein, are defined under “DEFINITIONS” or in Appendix F.

All references herein to agreements and documents are qualified in their entirety by reference to the definitive forms thereof, and all references to the 2016 Series One Bonds are further qualified by reference to the provisions with respect thereto contained in the 2005 General Obligation Bond Resolution, adopted by the Board of Directors of the Bond Bank on July 13, 2005, as amended (the “2005 General Bond Resolution”), and Series Resolution No. 2015-0\_ adopted by the Board of Directors of the Bond Bank (the “Board”) on December 15, 2015 (the “Series Resolution,” and together with the 2005 General Bond Resolution, the “Bond Resolution”). All bonds which are issued under and pursuant to the terms of the 2005 General Bond Resolution are hereafter referred to as the “Bonds.” Any statements or information which include matters of opinion or estimates are represented as opinions or estimates in good faith, but no assurance can be given that the facts will materialize as so opined or estimated.

On February 19, 2013, the Board adopted a First Supplemental Resolution that amends certain provisions of the 2005 General Bond Resolution effective as of first date on which all Bonds issued prior to February 19, 2013 are no longer Outstanding. Holders and beneficial owners from time to time of the 2016 Series One Bonds are deemed to have consented to all of the amendments authorized in the First Supplemental Resolution. See “modifications to the 2005 General Bond Resolution” below and the forms of the 2005 General Bond Resolution and the First Supplemental Resolution in Appendix F.

Appendix D contains financial, economic and demographic summary information relating to the Governmental Units whose Municipal Bonds represent 10 percent or more of the Loan Obligations outstanding under the 2005 General Bond Resolution.

**PURPOSE OF THE 2016 SERIES ONE BONDS**

**Authorization and Purpose**

The 2016 Series One Bonds are being issued pursuant to the terms of the Bond Resolution, and are the thirty-fourth series of Bonds issued under the 2005 General Bond Resolution.

**2016 Series One Bonds**

The 2016 Series One Bond proceeds are being used for the following purposes: (i) to make four loans to Governmental Units for new money purposes; (ii) subject to market conditions, to refund bonds previously issued by the Bond Bank; and (iii) to pay a portion of the costs of issuance of the 2016 Series One Bonds. The 2016 Series One Bond proceeds used for new money purposes include loans to: (i) the City of Klawock to repay a prior loan and to make improvements to the City’s public safety building; (ii) Kodiak Island Borough for school improvements; (iii) Kenai Peninsula Borough for the purchase of emergency response vehicles; and (iv) Kenai Peninsula Borough for construction of a specialty clinic building adjacent to the Central Peninsula General Hospital.

\* Preliminary, subject to change.



*Refunding.* Subject to market conditions, a portion of the proceeds of the 2016 Series One Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank (the “Refunded Bonds”). Depending on market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all, a portion of, or none of the refunding candidates listed in the table below (the “Refunding Candidates”). The Bond Bank is not obligated to refund any of the Refunding Candidates.

### **DETAILS OF THE REFUNDING CANDIDATES**

<u>Series Designation</u>	<u>Principal Amount<sup>1</sup></u>	<u>Maturities</u>	<u>Redemption Date</u>
2008 Series One	20,530,000	April 1, 2019 to April 1, 2033	April 1, 2018
2008 Series Two	4,840,000	June 1, 2019 to June 1, 2038	June 1, 2018

- (1) All Refunding Candidates are subject to redemption at a redemption price of 100% of the principal amount thereof on the proposed redemption date. Amounts subject to change.

A portion of the net proceeds from the sale of the 2016 Series One Bonds, together with other legally available funds, will be deposited into a redemption account (the “Redemption Account”) to be held by The Bank of New York Mellon Trust Company, N. A., San Francisco, California, (the “Escrow Agent”) under an escrow deposit agreement (the “Escrow Deposit Agreement”), dated the date of delivery of the 2016 Series One Bonds, between the Bond Bank and the Escrow Agent. Funds deposited in the Redemption Account will be used to purchase direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the “Escrow Obligations”). The Escrow Obligations will mature at such times and pay interest in such amounts so that, with other available funds held by the Escrow Agent under the Escrow Deposit Agreement, sufficient moneys will be available to pay the interest on the Refunded Bonds coming due on and prior to their respective redemption or purchase dates and to pay the redemption price of the Refunded Bonds on their redemption dates. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

### **SOURCES AND USES TABLE**

The table below presents the sources and uses of funds related to the 2016 Series One Bonds.

**Sources of Funds:**

Principal Amount of 2016 Series One Bonds	\$
Net Original Issue Premium	
Alaska Municipal Bond Bank Contribution	
Total Sources of Funds	<hr/> \$

**Uses of Funds:**

Deposit to Redemption Account	\$
Loan to the City of Klawock	
Loans to Kenai Peninsula Borough	
Loan to Kodiak Island Borough	
Deposit to the Bond Bank Reserve Fund	
Costs of Issuance <sup>1</sup>	
Underwriters’ Discount	
Total Uses of Funds	<hr/> \$

- (1) Includes Governmental Units’ costs of issuance.

## DESCRIPTION OF THE 2016 SERIES ONE BONDS

### General Description

The 2016 Series One Bonds are issuable only as fully registered bonds, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as securities depository for the 2016 Series One Bonds. Principal of and interest on the 2016 Series One Bonds are payable by The Bank of New York Mellon Trust Company, N.A., of San Francisco, California, as Trustee under the 2005 General Bond Resolution, to DTC which, in turn, is obligated to disburse such principal and interest payments to its participants (the “DTC Participants”) in accordance with DTC procedures. See “Appendix G – DTC and Book-Entry System.”

### 2016 Series One Bonds

The 2016 Series One Bonds mature, subject to prior redemption, on the dates and bear interest at the rates set forth on the inside cover page of this Official Statement. The 2016 Series One Bonds are issuable in denominations of \$5,000 or any integral multiple thereof within a single maturity, are dated as of the date of delivery and bear interest from their date payable on April 1 and October 1, commencing April 1, 2016.

### Optional Redemption

The 2016 Series One Bonds maturing on or after April 1, 2026 are subject to redemption in whole or in part at the option of the Bond Bank on any date on or after April 1, 2025, at a price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption. The Governmental Units’ loans have the same optional redemption provisions associated with the 2016 Series One Bonds.

### Mandatory Redemption

The 2016 Series One Bonds maturing on April 1, 20\_\_, are subject to mandatory sinking fund redemption on April 1 of the years and in the principal amounts set forth in the following table. Any such redemption shall be at a price equal to 100 percent of the principal amount to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption, but without premium.

<u>Date</u>	<u>Principal Amount</u>
April 1, 20__	\$
April 1, 20__*	

\* Maturity

### Notice of Redemption

The Resolution provides that at least 20 days, but not more than 60 days, prior to the date upon which any 2016 Series One Bonds are to be redeemed, the Trustee will mail a notice of redemption to the registered owner of any 2016 Series One Bond all or a portion of which is to be redeemed, at the owner’s last address appearing on the registration books of the Bond Bank kept by the Trustee. When all of the 2016 Series One Bonds are held under the DTC book-entry system, such notice will be sent only to DTC, and any notice to the beneficial owners of the 2016 Series One Bonds will be the responsibility of DTC Participants. Neither the Bond Bank nor the Trustee will provide redemption notices to the beneficial owners.

### Selection of 2016 Series One Bonds for Redemption

If fewer than all of the 2016 Series One Bonds are to be redeemed prior to maturity, the Bond Bank may select the maturity or maturities to be redeemed at the option of the Bond Bank. If, at the time notice of redemption

is given the 2016 Series One Bonds are in book-entry form, then DTC will select the 2016 Series One Bonds for redemption within a maturity in accordance with the Letter of Representations. The 2005 General Bond Resolution provides that if less than all of the Bonds of any one maturity of a Series are called for redemption and the Bonds are not in book-entry form, the Bonds to be redeemed are to be selected by lot by the Trustee or in any manner as the Trustee, in its sole discretion, may deem appropriate and fair. See “Appendix G – DTC and Book-Entry System.”

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General

The Bonds, including the 2016 Series One Bonds, constitute general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged to the payment of the principal of and interest on the Bonds. **The 2016 Series One Bonds do not constitute an indebtedness or other liability of the State of Alaska, and the 2016 Series One Bonds do not directly, indirectly or contingently obligate the State of Alaska to levy any form of taxation or make any appropriation for the payment of the 2016 Series One Bonds.]** As provided in the Act, the Bond Bank is obligated to pay the principal of and interest on the Bonds only from revenues or funds of the Bond Bank, and the State of Alaska is not obligated to pay the principal of or the interest on the Bonds, including the 2016 Series One Bonds. **Neither the faith and credit nor the taxing power of the State of Alaska is pledged for the payment of the 2016 Series One Bonds. The Bond Bank has no taxing power.**

As of January 1, 2016, the Bond Bank has outstanding \$1,095,000 of general obligation bonds issued under its 1976 General Bond Resolution, \$995,695,000 of Bonds issued under its 2005 General Bond Resolution and \$4,155,000 of general obligation bonds issued under its 2010 Municipal Obligation Bond Resolution. All remaining bonds outstanding under the 1976 General Bond Resolution will be retired as of February 1, 2016.

As additional security for payment of principal of and interest on the 2016 Series One Bonds and the other Bonds issued under the 2005 General Bond Resolution, the Bond Bank has established a common Reserve Fund. See “SECURITY AND SOURCES FOR PAYMENT FOR THE BONDS – 2005 General Bond Resolution Reserve Fund.” The Act provides that in order to assure the maintenance of the Reserve Fund Requirement, the Legislature may appropriate annually to the Bond Bank for deposit to the Reserve Fund the amount, if any necessary to restore the Reserve Fund to an amount equal to the Reserve Fund Requirement. The Chair of the Bond Bank is required annually (before each January 30) to make and deliver to the Governor and to the State Legislature a certificate stating the amount, if any, required to restore the Reserve Fund to the amount of the Reserve Fund Requirement. Money received by the Bond Bank from the State pursuant to such certification is required, to the extent such certification was occasioned by the fact that the amount in the Reserve Fund was less than the Reserve Fund Requirement, be deposited in the Reserve Fund. The State Legislature is legally authorized, but not legally obligated, to appropriate such sums during the then current State fiscal year. This provision of the Act does not create a debt obligation on behalf of the State or a legally enforceable obligation of the State.

Beginning in 2009, and continuing through the current fiscal year ending June 30, 2016, the Bond Bank has been obligated by the 2005 General Bond Resolution to seek and has obtained a standing appropriation within the State’s annual operating budget to replenish the Reserve Fund, if necessary. The 2005 General Bond Resolution requires the Bond Bank to seek this standing appropriation on an annual basis. No such replenishment from State appropriation has been necessary. If the Bond Bank is required to draw on the Reserve Fund because of a default by a Governmental Unit, the standing appropriation provides that an amount equal to the amount drawn from the Reserve Fund is appropriated from the State’s General Fund to the Reserve Fund. There is no guarantee that the Bond Bank will be able to secure future standing appropriations within the State’s operating budget for replenishment of the Reserve Fund. See “2005 General Bond Resolution Reserve Fund”.

## **Pledge Effected by the 2005 General Bond Resolution**

Pursuant to the 2005 General Bond Resolution, all Municipal Bonds, all Municipal Bonds Payments, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the 2005 General Bond Resolution to be held by the Trustee are pledged and assigned to secure the payment of the principal of, redemption premium, if any, and interest on all Bonds, subject only to the provisions of the 2005 General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions specified in the 2005 General Bond Resolution.

The Act and the 2005 General Bond Resolution provide among other things that (i) any pledge made in respect of the Bonds will be valid and binding from the time the pledge is made, (ii) the Municipal Bonds, the Municipal Bonds Payments and all other money and securities so pledged and thereafter received by the Bond Bank immediately will be subject to the lien of such pledge without any further act, and (iii) the lien of any such pledge will be valid and binding against all parties having any claims of any kind in tort, contract or otherwise against the Bond Bank irrespective of whether the parties have notice.

## **Municipal Bonds**

Under the provisions of the Act and the 2005 General Bond Resolution, the Bond Bank is authorized to purchase Municipal Bonds from any Governmental Unit. The 2005 General Bond Resolution defines Municipal Bonds as “general obligation bonds, revenue bonds, notes or other evidences of debt issued by any Governmental Unit as now or hereafter defined in the Act which have heretofore been or will hereafter be acquired by the Bond Bank as evidence of a Loan to the Governmental Unit pursuant to the Act.”

For each issue of Municipal Bonds that the Bond Bank purchases, the Resolution requires the Bond Bank to obtain a bond counsel’s opinion stating that (a) such Municipal Bonds are valid obligations of such Governmental Unit as required by the Act and (b) a Loan Agreement has been duly authorized and executed between the Bond Bank and the Governmental Unit that constitutes a valid and binding obligation of the Governmental Unit.

Each Loan Agreement obligates a Governmental Unit to (a) make interest payments on its Municipal Bond sufficient in amount and at such times to provide the Bond Bank funds to meet interest payments on its Loan Obligations as they become due; and (b) make principal payments on its Municipal Bond sufficient in amount and at such times to provide the Bond Bank funds to meet principal payments on its Loan Obligations as they become due. Pursuant to the Loan Agreement, the Governmental Unit may be required to pay fees and charges to the Bond Bank to meet the Governmental Unit’s allocable portion of certain expenses. Each Loan Agreement also contains restrictions on the sale or redemption of the Governmental Unit’s Municipal Bonds.

## **2005 General Bond Resolution Reserve Fund**

The 2005 General Bond Resolution established the Reserve Fund to be held by the Trustee and maintained at an amount equal to the Reserve Fund Requirement. The Reserve Fund Requirement is equal to the least of the following: (i) 10% of the initial principal amount of each Series of Bonds then Outstanding; (ii) Maximum Annual Debt Service with respect to all Bonds Outstanding; (iii) 125% of Average Annual Debt Service on all Bonds Outstanding; or (iv) such lower amount as may be required by law. See “DEFINITIONS – Required Debt Service Reserve.” The Reserve Fund has been funded with Bond proceeds, with cash deposits from the Bond Bank and, as of September 2015, with one surety policy. The Reserve Fund Requirement may, however, be satisfied entirely, or in part, by a letter of credit, line of credit, credit facility, surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds. The Bond Bank intends to satisfy the additional reserve requirement resulting from the issuance of the 2016 One Bonds with a surety provided by National Public Finance Guarantee Corporation (“National”). See “Debt Service Reserve Fund Surety Bond.”

As of June 30, 2015, the valuation of assets in the Reserve Fund was approximately \$53.6 million, an amount

sufficient to satisfy the Reserve Fund Requirement. As of that date, approximately \$40.9 million representing 69.7% of the assets in the Reserve Fund were funded from cash deposits by the Bond Bank from available funds, and the balance of \$17.8 million representing 30.3% funded from Bonds issued by the Bond Bank to make deposits to the Reserve Fund ("Reserve Fund Obligations"). Investment income from a portion of the amounts in the Reserve Fund are applied to pay principal and interest on the Reserve Fund Obligations.

The 2005 General Bond Resolution requires the Bond Bank to submit annually to the State a budget request for an appropriation to replenish the Reserve Fund to the Reserve Fund Requirement in the event that there is a deficiency as a result of a default by a borrower. Since 2009, when the Resolution was amended, and continuing through fiscal year 2016, the State has included in its operating budget a standing appropriation to replenish the Reserve Fund, if necessary, and to appropriate excess earnings in the Operating Account to the Reserve Fund instead of to the State's General Fund as the Act otherwise would require. Although the Bond Bank is obligated under the Resolution to seek and has obtained such a standing appropriation within the State's annual operating budget, the State is not obligated, legally or otherwise, to include the appropriation in its annual operating budget. The Bond Bank's annual obligation to submit to the State a budget request for an appropriation is in addition to the Bond Bank's obligation to seek an appropriation to restore the Reserve Fund to the amount of the Required Debt Service Reserve as described below. See "— Moral Obligation."

The Resolution provides that on or before December 31 of each year, and subject to the requirements of the 2005 General Bond Resolution, the Trustee will transfer from the Reserve Fund any amounts remaining in the Reserve Fund derived from income or interest earned and profits realized by the Reserve Fund due to investments thereof to the Operating Fund, but only to the extent that there remains after such transfer an amount in the Reserve Fund equal to the Required Debt Service Reserve. See "SUMMARY OF THE 2005 GENERAL BOND RESOLUTION – Funds and Accounts – Reserve Fund" and Section 911 of the 2005 General Bond Resolution in Appendix F.

*Debt Service Reserve Fund Surety Bond.* Application has been made to "National" for a commitment to issue a surety bond (the "Debt Service Reserve Fund Surety Bond") to be credited to the Reserve Fund in lieu of a cash deposit. The Debt Service Reserve Fund Surety Bond provides that upon notice from the Trustee to National to the effect that insufficient amounts are on deposit in the Debt Service Fund to pay the principal of (at maturity or pursuant to mandatory redemption requirements) and interest on the Bonds, National will be required to deposit with the Trustee an amount sufficient to pay the principal of and interest on the 2016 Series One Bonds or the available amount of the Debt Service Reserve Fund Surety Bond, whichever is less. Upon the later of: (i) three (3) days after receipt by National of a Demand for Payment in the form attached to the Debt Service Reserve Fund Surety Bond, duly executed by the Paying Agent; or (ii) the payment date of the 2016 Series One Bonds as specified in the Demand for Payment presented by the Trustee to National, National will be required to make a deposit of funds in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee (as specified in the Demand for Payment) subject to the Surety Bond Coverage.

The available amount of the Debt Service Reserve Fund Surety Bond is the initial face amount of the Debt Service Reserve Fund Surety Bond less the amount of any previous deposits by National with the Trustee that have not been reimbursed by the Bond Bank. The Bond Bank and National have entered into a Financial Guaranty Agreement dated \_\_\_\_\_ (the "Agreement"). Pursuant to the Agreement, the Bond Bank is required to reimburse National, with interest, within one year after any deposit, the amount of such deposit made by National with the Trustee under the Debt Service Reserve Fund Surety Bond.

The agreement provides that no optional redemption of 2016 Series One Bonds may be made until the Insurer's Debt Service Reserve Fund Surety Bond is reinstated. The Debt Service Reserve Fund Surety Bond is held by the Trustee in the Debt Service Reserve Fund and is provided as an alternative to the Bond Bank depositing funds equal to the Debt Service Reserve Requirement for outstanding 2016 Series One Bonds.

*Moral Obligation.* The Bond Bank is required to deliver a statement to the Governor and the State Legislature annually, before January 30, stating the amount, if any, necessary to restore the Reserve Fund to the Required Debt Service Reserve resulting from a draw on the Reserve Fund at any time during the prior year. The State Legislature may, but is under no legal obligation to, appropriate money sufficient to restore the Reserve Fund to the Required Debt Service Reserve. The Bond Bank has never reported a deficiency in any of the reserve funds held by the Bond Bank.

*Custodian Account.* Money not held by the Trustee in the Reserve Fund or in reserves for bonds issued under other bond resolutions is maintained by the Bond Bank in an account referred to as the Custodian Account (the “Custodian Account”). The Custodian Account contains direct and indirect State appropriations, prior year retained earnings not subject to the statutory annual earnings transfer, and current year investment earnings and as with the Operating Account is not held by the Trustee or pledged to the payment of the Bonds. As of June 30, 2015 the Custodian Account market value balance was \$14,586,998. See Notes 2(b) and 2(d) and Note 8 in Appendix E. [double-check this number].

The Act requires that earnings on funds directly appropriated by the State to the Bond Bank be transferred to the State in the following fiscal year. Starting in fiscal year 2009, however, and continuing through the current fiscal year 2016, all fiscal year earnings due to the State’s general fund by statute have been appropriated to the Bond Bank’s Custodian Account. The State Legislature may, but is under no legal obligation to, appropriate statutory earnings back to the Bond Bank. The entire Custodian Account balance is available for appropriation by the State Legislature, with a majority vote and the Governor’s concurrence or a three-quarter majority vote to overcome a Governor’s veto of the appropriation, during any Legislative session. The Legislature has not appropriated funds out of the Custodian Account for non-Bond Bank related purposes in the current, or any prior, fiscal year.

## **State Payments**

The Act provides that any department or agency of the State, after notice from the Bond Bank that a Governmental Unit is in default on the payment of the principal of or interest on its Municipal Bonds then held or owned by the Bond Bank, will withhold the payment of money held by it and payable to such Governmental Unit and pay over such money to the Bond Bank for the purpose of paying principal of and interest on the bonds of the Bond Bank. State payments to Governmental Units include payments through the School Debt Reimbursement Program and Education Support Funding through the Department of Education and Early Development; and community jail funding through the Department of Corrections. A table appears in Appendix B that presents the amount of State payments to communities that have borrowed from the Bond Bank as well as the fiscal year 2016 annual loan payments and associated estimated coverage provided by those State payments. Capital spending, which is the source of matching grant funding to municipalities has been reduced in fiscal year 2015 and further reduced in the fiscal year 2016 budget. This diminished funding is expected to result in a gradual diminishment of the balances in the matching grant column of Appendix B. Other than the constitutionally required education support funding there is no guarantee that State payments will continue, and all of the payments could be reduced from current levels.

The payment and amount of such State payments is uncertain, and Legislative authorization for such payments is subject to appropriation and amendment or repeal. See “APPENDIX B – STATE PAYMENTS TO GOVERNMENTAL UNITS.” The Bond Bank has never implemented the State payment intercept remedy.

## **Pledge of the State**

In the Act, the State has pledged and agreed with the holders of the Bonds that it will not limit or restrict the rights vested in the Bond Bank by the Act to, among other things, purchase, hold and dispose of Municipal Bonds and fulfill the terms of an agreement (including the 2005 General Bond Resolution) made by the Bond Bank

with such holders, or in any way impair the rights or remedies of such holders until the Bonds, including interest on the Bonds and interest on unpaid installments of interest and all costs and expenses in connection with an action or proceeding by or on behalf of such holders, are fully met, paid and discharged.

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# THE ALASKA MUNICIPAL BOND BANK

## Organization

The powers of the Bond Bank are vested in the Directors. The membership of the Bond Bank consists of five Directors: the Commissioners of the Department of Revenue and the Department of Commerce, Community and Economic Development of the State and three Directors appointed by the Governor. The three appointees serve four-year staggered terms and must be qualified voting residents of the State. The Commissioners of the Department of Revenue and the Department of Commerce, Community and Economic Development may appoint delegates to the Bond Bank Board of Directors to serve in their absence.

The Act requires the Directors to elect one of their members as chair and one of their members as vice-chair and also elect a secretary and a treasurer who need not be Directors in the first meeting of each fiscal year. Action may be taken and motions and resolutions adopted by the Bond Bank at any meeting by the affirmative vote of at least three Directors. The Directors appoint an Executive Director to manage the business of the Bond Bank.

## Board of Directors

The Bond Bank's Board of Directors includes members listed below.

*Mark Pfeffer - Chair.* Term expires July 15, 2017. Mr. Pfeffer was originally appointed to the Board on October 10, 2001. Mr. Pfeffer is a registered architect who owns an architectural practice in Anchorage, Alaska. He is active in the development, design and management of commercial real estate projects, many of which include public/private partnerships. He is President of Pfeffer Development, LLC. Mr. Pfeffer received a Bachelor of Architecture Degree from the University of Nebraska.

*Gregory Gursey – Vice Chair.* Term expires July 15, 2018. Mr. Gursey was appointed to the Board on June 22, 2009. Mr. Gursey became President of Benefit Brokers, Inc. in 2001, after working as Vice President of Investments for Wedbush Morgan Securities for 11 years. Mr. Gursey also serves as a FINRA industry arbitrator in both civil and industry arbitration cases. After graduating from the University of Alaska Anchorage with a degree in finance, Mr. Gursey became involved with the University of Alaska Foundation. He served as the first Chairman of the UAA College of Fellows, served as a Trustee to the UA Foundation, and was a member of the Investment Committee to the UA Foundation. Mr. Gursey has served on both the State of Alaska Dental Examiner's Board and the U.S. Treasury Department's Taxpayer Advocacy Panel. He served on the Investment Commission for the Municipality of Anchorage and several other local boards.

*Luke Welles - Member.* Term continues pending reappointment. Mr. Welles was originally appointed to the Board on May 21, 2008. Mr. Welles became Vice President of Finance of the Arctic Slope Native Association, Ltd in March 2011. Prior to his current job he served as Chief Financial Officer of LifeMed Alaska, LLC, which provides medivac services in Alaska. Previously, Mr. Welles was the Chief Financial Officer for the Yukon Kuskokwim Healthcare Corporation which administers healthcare in 52 rural communities including a hospital located in Bethel, Alaska. He has management experience in healthcare, civil construction and commercial real estate. Over the past 15 years he has served on several economic development commissions in the State, as a city council member in Homer, Alaska and on multiple boards. Mr. Welles received a Bachelor of Arts Degree in Foreign Service and International Business from Baylor University.

*Michael Lamb - Member.* Mr. Lamb is the first delegate for Chris Hladick, Commissioner of the Department of Commerce, Community and Economic Development. Mr. Lamb is a certified public accountant with over 25 years' experience as a chief financial officer and has worked in private, public, and governmental financial management positions. He has served as the chief financial officer for the Alaska Industrial Development and Export Authority and the Alaska Energy Authority. Prior to that, for almost 15 years Mr. Lamb was the chief financial officer for the Fairbanks North Star Borough, Alaska. For almost 9 years, prior to the Borough, he was



the chief financial officer for the City of St. Paul, Alaska. Mr. Lamb is a graduate from the University of Washington, School of Business with a Bachelor of Arts in Business Administration, with an emphasis in accounting.

*Pamela Leary - Member.* Ms. Leary is the first delegate for Randall Hoffbeck, Commissioner of the Department of Revenue. She is the Director of Treasury Division in the Department of Revenue and acts as the State Treasurer. She previously served in the Department as State Comptroller from 2007 through 2013. Ms. Leary began her career as an auditor with Price Waterhouse and became a partner in the firm PricewaterhouseCoopers, LLP. After moving to Alaska, Ms. Leary owned and operated a business before reentering the accounting profession with the Alaska Permanent Fund Corporation. She holds a bachelor's degree in economics from the Wharton School, University of Pennsylvania, and is a certified public accountant in the State of Alaska.

## **Management**

Deven J. Mitchell, who also serves as State Debt Manager and Investment Officer in the Department of Revenue – Division of Treasury, was appointed Executive Director of the Bond Bank in 1999. Mr. Mitchell has worked for the State Department of Revenue since 1992. He previously held several positions in Alaska financial institutions. Mr. Mitchell holds a Bachelor of Science Degree in Business Administration from Northern Arizona University.

Ryan S. Williams, who also serves as Operations Research Analyst in the Department of Revenue – Division of Treasury, was appointed Finance Director of the Bond Bank in 2014. Mr. Williams has worked for the State Department of Revenue since 2009. Mr. Williams holds a Bachelor of Science Degree in Business Administration from the University of Southern California, with a concentration in International Business.

Rather than employ staff, the Bond Bank contracts in the private sector for a wide range of professional services. The Executive Director coordinates the activities of these professionals, which include bond counsel, financial advisor, accountants, auditors, fund trustees, bond trustees and investment managers.

## **Future Financing Plans**

The Bond Bank anticipates issuing additional bonds pursuant to its 2005 General Bond Resolution or other bond resolutions within the next 12 months to political subdivisions of the State with interceptable state aid. The principal amount of such additional bonds depends on the number and size of the applications for Bond Bank financing from Governmental Units.

The total amount of Bond Bank bonds and notes outstanding at any one time may not exceed \$1.793 billion, comprised of \$1.5 billion to municipalities, Joint Insurance Associations, Port Authorities, Joint Action Agencies, or the University of Alaska; \$87.5 million for the University of Alaska; and \$205 million for regional health organizations. As of January 1, 2016, the total principal amount of the Bond Bank's bonds and notes outstanding, not including the 2016 Series One Bonds, was \$1,011,311,862 all issued to municipalities.

The Bond Bank is currently working with several regional health organizations to determine whether the Bond Bank will participate in the financing of certain health facilities. The Bond Bank anticipates that loans to such regional health organizations will be made with proceeds of bonds issued under separate revenue bond resolutions.

Since February 2006, with the exception of the 2010 Series A-1 and A-2 Municipal Obligation Bonds, all of the bonds issued by the Bond Bank have been issued under the 2005 Resolution. The Bond Bank has no plans at this time to issue additional bonds under its 1976 Resolution or its 2010 Resolution. All bonds issued under the 1976 Resolution will be retired as of February 1, 2016.

## **2015 Legislation**

In May 2015, the 29th Alaska Legislature passed Senate Bill 46 ("SB 46"), which authorizes the Bond Bank to make loans to Joint Action Agencies, make loans to Regional Health Organizations, and provided technical and conforming amendment to state statute. The bill adds Joint Action Agencies to the list of political subdivisions of the State that are allowed to utilize the Bond Bank under the primary \$1.5 billion borrowing debt limit. The bill also added \$205 million of authority for the Bond Bank to lend to Regional Health Organizations in instances where the Commissioner of the State Department of Health and Social Services determines that there is an improvement in the local quality of health care and a financial benefit to the State of Alaska. The Regional Health Organization lending is limited to no more than issuance of a total of \$205 million, no more than 49% or any single project where the other 51% of the project's funding is in place, and no more than \$102.5 million for any single project. The Governor signed SB 46 into law on May 26, 2015. The Bond Bank does not anticipate issuing bonds to finance regional health organizations using the 2005 General Bond Resolution.

## **Debt Payment Record**

The Bond Bank has always made principal and interest payments on its general obligation and revenue bonds when due. No deficiencies have arisen in any Bond Bank debt service fund or reserve fund, nor has there been a need to exercise the provision requiring that State payments to Governmental Units be paid to the Bond Bank.

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## **BONDS OUTSTANDING**

Under the provisions of the Act, the Bond Bank can issue additional series of Bonds under its 2005 General Bond Resolution or issue bonds under other resolutions. The Bond Bank currently has bonds outstanding under the following resolutions:

### **1976 General Bond Resolution**

As of January 1, 2016, the Bond Bank has issued \$721,985,000 of general obligation bonds under the 1976 General Bond Resolution, \$1,095,000 of which remains outstanding. All bonds issued under the 1976 General Bond Resolution will be retired as of February 1, 2016.

### **2005 General Bond Resolution**

The 2016 Series One Bonds are the thirty-fourth issue of Bonds under the 2005 General Bond Resolution. As of January 1, 2016, the Bond Bank has issued \$1,242,550,000 of general obligation bonds under the 2005 General Bond Resolution (not including the principal amount of the 2016 Series One Bonds), \$995,695,000 of which remains outstanding.

### **2010 Municipal Obligation Bond Resolution**

On November 2, 2010, the Bond Bank's Board of Directors approved the 2010 Municipal Obligation Bond Resolution ("2010 Resolution"). Bonds issued pursuant to the terms of the 2010 Resolution are general obligation bonds, equally and ratably secured by a pledge and assignment of all obligations acquired by the Bond Bank under the 2010 Resolution. As of January 1, 2016, the Bond Bank has issued \$4,765,000 of general obligation bonds under the 2010 Resolution, \$4,155,000 of which remains outstanding.

### **Revenue Bond Resolutions**

The Authority (with respect to the issuance of revenue bonds the Bond Bank is referred to as the Authority) has issued revenue bonds under stand-alone revenue bond resolutions. The proceeds of these revenue bonds are applied toward the purchase of revenue bonds issued by municipal borrowers. There are presently no outstanding revenue bonds issued by the Authority.

### **Coastal Energy Impact Program**

The Bond Bank issued bonds to provide loans to local governments that qualified for aid under the Coastal Energy Impact Program ("CEIP"). CEIP is a federal program designed to provide financial assistance to coastal states and municipalities facing impacts from offshore oil development. The United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA") and the Bond Bank entered into an agreement whereby the Bond Bank was the direct lending agency for the CEIP in the State, with \$50 million available to make loans to local governments or to establish reserves for loans to local governments.

The Bond Bank issued CEIP bonds, the proceeds of which were used to purchase bonds issued by the Kenai Peninsula Borough, the City of Seward, the City of Nome and the City of St. Paul. The total amount of CEIP bonds outstanding as of January 1, 2016, under the Coastal Energy Impact Loan Program was \$10,366,862, consisting of loans to the City of St. Paul and the City of Nome. [Need updated CEIP numbers]

The CEIP loans are administered directly by NOAA without involvement of the Bond Bank. Bonds issued for the CEIP are not secured by a pledge of any amounts held by or payable to the Bond Bank under the 2005 General

Bond Resolution, including the Reserve Fund, nor are they secured directly or indirectly by any reserve account created under the Act.

### **Direct Loans**

The Bond Bank has purchased certain bond anticipation notes and defeased certain Bond Bank bonds with money from the Custodian Account while retaining underlying communities' bonds.

As of January 1, 2016, the Bond Bank holds \$1,438,485 of City of Galena Utility Revenue Bonds and \$156,594 of City of Galena appropriation obligations in its financial portfolio. The loans to the City of Galena are the result of Legislative appropriation to the Bond Bank specifically for this purpose.

As of January 1, 2016 the Bond Bank holds \$3,200,000 of Kenai Peninsula Borough Bonds, the proceeds of which were used, in part, to construct the Central Peninsula Hospital's Specialty Clinic Building. That loan was funded with the Custodian Account and is secured by a pledge of gross hospital revenues and a debt service reserve fund. This loan was made directly as it did not qualify for tax exemption and would have required a special series of taxable Bond Bank bonds combined the relatively short 8 year level debt service structure.

### **Loans by the State of Alaska**

The Bond Bank has the statutory authority to borrow funds from the State of Alaska's general fund at the discretion of the Commissioner or the Department of Revenue. In November 2010 and August 2011 the Bond Bank borrowed \$6.0 million and \$7.0 million, respectively, from the State for authorized uses of the Bond Bank. The State of Alaska's fiscal year 2013 capital budget converted the 2010 and 2011 loans to grants through a \$13.2 million appropriation to the Bond Bank that was effective April 15, 2012. This amount reflected the original loan amounts plus interest accrued on those loans. The Bond Bank does not have any outstanding loans from the State at this time.

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# **TOTAL BOND BANK BONDS ISSUED AND OUTSTANDING AS OF JANUARY 1, 2016**

	<u>Original Amount Issued</u>	<u>Amount Outstanding</u>
I. Total 2005 General Bond Resolution G.O. Bonds <sup>(1)</sup>	\$1,280,050,000 <sup>(1)</sup>	\$1,007,825,000 <sup>(1)</sup>
II. Total 1976 General Bond Resolution G.O. Bonds	721,985,000	1,095,000
III. Total 2010 Resolution G.O. Bonds	4,765,000	4,155,000
IV. Coastal Energy Impact Loan Program	35,456,046	10,366,862

## **REMAINING DEBT CAPACITY AFTER THE ISSUANCE OF THE 2016 SERIES ONE BONDS**

Debt Limit (Section 44.85.180 of the Act)		\$1,792,500,000 <sup>(2)</sup>
Less Outstanding Bonds		
General Obligation Bonds		
1976 General Bond Resolution	\$1,095,000	
2010 Resolution	4,155,000	
2005 General Bond Resolution	1,007,825,000 <sup>(1)</sup>	\$1,0113,075,000 <sup>(1)</sup>
Coastal Energy Loan Program		<u>10,366,862</u>
Total Outstanding Debt		\$1,023,411,862 <sup>(1)</sup>
Remaining Debt Capacity		<u>\$769,058,138 <sup>(1)</sup></u>

(1) Includes the 2016 Series One Bonds. Preliminary, subject to change.

(2) The limit applies to all outstanding bonds or notes issued by the Bond Bank. Of this total, \$87,500,000 may be issued for the purpose of making loans to the University of Alaska (including the loan of proceeds of the 2016 Series One Bonds), \$205,000,000 may be issued for the purpose of making loans to regional health organizations, and \$1.5 billion may be issued for all other purposes of the Bond Bank. This limit does not apply to the authority of the Bond Bank (or a subsidiary corporation of the Bond Bank) to issue bonds to assist governmental employers to prepay all or a portion of their share of the unfunded accrued actuarial liabilities of retirement systems. This authority has never been utilized and the Bond Bank has no plans to do so.

**DEBT SERVICE REQUIREMENTS OF  
OUTSTANDING 2005 GENERAL BOND RESOLUTION  
GENERAL OBLIGATION BONDS  
AND THE 2016 SERIES ONE BONDS<sup>(1)</sup>  
(Fiscal Years Ending June 30)**

[To be updated]

Fiscal Year	Existing Debt Service <sup>1</sup>	2016 Series One Principal	2016 Series One Interest	Total Debt Service*
2016	90,472,501			
2017	87,892,767			
2018	92,199,450			
2019	87,040,333			
2020	81,848,995			
2021	77,670,400			
2022	72,667,879			
2023	73,092,610			
2024	67,976,196			
2025	58,172,963			
2026	53,556,283			
2027	49,553,024			
2028	48,807,258			
2029	47,942,554			
2030	39,615,436			
2031	38,633,155			
2032	34,537,126			
2033	34,041,577			
2034	27,778,058			
2035	18,596,587			
2036	17,465,968			
2037	13,111,847			
2038	12,839,687			
2039	12,123,103			
2040	10,303,800			
2041	10,304,975			
2042	10,309,700			
2043	10,311,700			
2044	10,315,475			
2045	7,730,200			
2046	5,429,750			
2047	5,428,500			
2048	2,155,000			
2049	2,152,500			
	\$1,312,077,357	\$	\$	\$

\* Totals may not foot due to rounding. The 2016 Series One Bonds are the thirty-fourth Series of Bonds issued under the 2005 General Bond Resolution.

<sup>1</sup> Reflects defeasance of Refunding Candidates.

## **SUMMARY OF THE 2005 GENERAL BOND RESOLUTION**

The following is a summary of certain provisions of the 2005 General Bond Resolution. A copy of the 2005 General Bond Resolution is included in the Official Statement as Appendix F. Capitalized terms used in this summary are defined in Section 103 of the 2005 General Bond Resolution.

### **2005 General Bond Resolution Constitutes Contract**

The 2005 General Bond Resolution provides that the Resolution constitutes a contract between the Bond Bank, the Trustee and the owners from time to time of the Bonds, that the pledges made in the 2005 General Bond Resolution and the covenants and agreements therein set forth to be performed by the Bond Bank will be for the equal and proportionate benefit, protection and security of the holders of any and all of the Bonds and that each Bond, Credit Enhancement facility and Interest Rate Exchange Agreement will be of equal rank without preference, priority or distinction.

### **Obligation of Bonds**

The Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the payment of the principal or redemption premium, if any, of, interest on the Bonds solely from the sources provided in the 2005 General Bond Resolution and any Series Resolution. The Act and the Resolutions each provide that the State is not obligated to pay the principal, premium, if any, or interest on the Bonds, and that the Bonds, are not a debt or liability of the State and neither the faith and credit of the State nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

### **Pledge**

The Municipal Bonds and the Municipal Bonds Payments, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the 2005 General Bond Resolution to be held by the Trustee are pledged and assigned for the payment of the principal of, redemption price of, interest on, and sinking fund installments for, the Bonds in accordance with the terms and provisions of the 2005 General Bond Resolution, subject only to the provisions of the 2005 General Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the 2005 General Bond Resolution. The Municipal Bonds and the Municipal Bonds Payments and all other money and securities pledged pursuant to the 2005 General Bond Resolution immediately will be subject to the lien of such pledge without any further act, and such lien will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, regardless of whether such parties have notice thereof.

### **Power to Issue Bonds and Make Pledges**

The Bond Bank covenants in the 2005 General Bond Resolution that it is duly authorized by law to issue the Bonds and to pledge the Municipal Bonds Payments, the Municipal Bonds and other money, securities, funds and property purported to be pledged by the 2005 General Bond Resolution, free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the 2005 General Bond Resolution, except for the liens in favor of the Trustee and Paying Agent as provided in the 2005 General Bond Resolution. The Bond Bank also covenants that it will at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Municipal Bonds Payments, the Municipal Bonds and other money, securities, funds and property pledged under the 2005 General Bond Resolution and all the rights of the Bondholders under the 2005 General Bond Resolution against all claims and demands of all persons whomsoever.

## **General**

The Bond Bank covenants that it will do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Bond Bank under law and the 2005 General Bond Resolution in accordance with the terms thereof.

The Bond Bank pledges and agrees with the Holders of the Bonds that it will not cause the State to limit or alter the rights vested by the Act in the Bond Bank to fulfill the terms of any agreements made with Bondholders, or in any way impair the rights and remedies of such Bondholders, until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

## **Waiver of Laws**

The Bond Bank covenants in addition that it will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension of law now or at any time hereafter in force which may affect the covenants and agreements contained in the 2005 General Bond Resolution or in any Series Resolution or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Bond Bank.

## **Loan Agreement Provisions**

The 2005 General Bond Resolution provides that no loan will be made by the Bond Bank from proceeds of the sale of Bonds and no Bonds will be issued for the purpose of providing funds with which to make a loan, unless the Loan Agreement under which such loan is to be made will comply with, but not be limited to, the following:

(a) The Governmental Unit which is a party to such Loan Agreement must be a Governmental Unit as defined by the 2005 General Bond Resolution, and the Loan Agreement must be executed in accordance with existing laws.

(b) The Governmental Unit, prior to or simultaneously with the issuance of Bonds, will issue Municipal Bonds which are valid debt obligations of the Governmental Unit as required by the Act.

(c) The Municipal Bonds Payment to be made by the Governmental Unit under such Loan Agreement will be not less than the interest and principal payments the Bond Bank is required to make on the Loan Obligations and will be scheduled by the Bond Bank in such manner and at such times as to provide funds sufficient to pay principal and interest on the Loan Obligations as the same become due.

(d) The Governmental Unit will be obligated to pay Fees and Charges to the Bond Bank at the times and in the amounts which will enable the Bond Bank to comply with the provisions of the 2005 General Bond Resolution to pay Administrative Expenses and fees and expenses of the Trustee and paying agent.

(e) The Governmental Unit will agree that in the event the Municipal Bonds Payment is not paid by it to the Bond Bank on or before the times specified in the Loan Agreement, any money payable to the Governmental Unit by any department or agency of the State will be withheld from such Governmental Unit and paid over directly to the Trustee acting under the 2005 General Bond Resolution.



(f) The Bond Bank will not sell, and the Governmental Unit will not redeem prior to maturity, any of the Municipal Bonds with respect to which the Loan is made in an amount greater than the Outstanding Bonds issued with respect to such Loan which are then redeemable, and any such sale or redemption of such Municipal Bond will be in an amount not less than the aggregate of (i) the principal amount of the Loan Obligation to be redeemed (or the amount of Refunding Bonds if the Loan is being refunded), (ii) the interest to accrue on the Loan Obligation so to be redeemed to the next redemption date, (iii) the applicable redemption premium, and (iv) the costs and expenses of the Bond Bank in effecting the redemption of the Loan Obligation.

(g) The Governmental Unit must give the Bond Bank at least fifty (50) days' notice of its intent to redeem its Municipal Bonds.

### **Modification of Loan Agreement Terms**

The Bond Bank covenants that it will not consent to the modification of, or modify, the rates of interest of, or the amount or time of payment of any installment of principal of or interest on, any Municipal Bonds evidencing a Loan, or the amount or time of payment of any Fees and Charges payable with respect to such Loan, or the security for or any terms or provisions of such Loan or the Municipal Bonds evidencing the same, in a manner which adversely affects or diminishes the rights of the Bondholders.

### **Enforcement of Municipal Bonds**

The 2005 General Bond Resolution also provides that the Bond Bank will diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loan Agreements and the Municipal Bonds, including the prompt collection, and the giving of notice to the Commissioner of Revenue, Commissioner of Commerce, Community and Economic Development and the Commissioner of Administration and any other department or agency of the State which is custodian of any money payable to the Governmental Unit of any failure or default of the Governmental Unit in the payment of its Municipal Bonds Payments and will promptly transfer any such money, upon receipt thereof, to the Trustee and that the Trustee will deposit any such money in the Principal Account and Interest Account in place of said unpaid Municipal Bonds Payments or in the event deficiencies in said Accounts created by such default will have been made up by the Reserve Fund, into the Reserve Fund to the extent of such deficiencies.

### **Funds and Accounts**

The 2005 General Bond Resolution established a Debt Service Fund, consisting of an Interest Account, a Principal Account and a Redemption Account; a Reserve Fund; a Rebate Fund, which consists of a separate sub-account for each Series of Bonds; and an Operating Fund. The Debt Service Fund, the Rebate Fund and the Reserve Fund are held by the Trustee. The Operating Fund is held by the Bond Bank and is not pledged to the payment of the Bonds.

*Debt Service Fund.* The Trustee is required to deposit Municipal Bonds Interest Payments and any other money available for the payment of interest in the Interest Account upon receipt thereof and on or before each interest payment date, to pay out of the Interest Account the amounts required for the payment of the interest becoming due on each series of Bonds on such interest payment date.

The Trustee is to deposit Municipal Bonds Principal Payments and any other money available for the payment of principal in the Principal Account upon receipt thereof. The Trustee is required, on or before each principal payment date or Sinking Fund Installment date, to pay out of the Principal Account the amounts required for the payment of the principal or Sinking Fund Installment due on each series of Bonds on such date.

The Trustee establishes in the Redemption Account a separate sub-account for each Series of Bonds. Any money deposited into the Redemption Account from any source other than excess moneys transferred from the Reserve Fund or certain proceeds received from sales or redemptions of Municipal Bonds pursuant to Section 607 or Section 916 of the 2005 General Bond Resolution will be applied to the purchase or redemption of Bonds. Any money deposited into the Redemption Account from the Reserve Fund because of a reduction in the Required Debt Service Reserve is to be applied to the purchase or redemption of Reserve Fund Obligations.

*Reserve Fund.* The 2005 General Bond Resolution established the Reserve Fund as a 2005 General Obligation Bond Resolution Reserve Account within the Alaska Municipal Bond Bank Reserve Fund created by the Act and provides that monthly, the Trustee will set aside from amounts in the Reserve Fund derived from investment earnings and profits realized by the Reserve Fund due to investments thereof, an amount which, when added to the amounts theretofore set aside for such purpose and not paid into the Interest Account, will on such date be equal to the unpaid interest on the Reserve Fund Obligations accrued and to accrue to the last day of such month.

On or before each principal payment date and Sinking Fund Installment payment date of Reserve Fund Obligations, the Trustee is to withdraw from amounts in the Reserve Fund and deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account and derived from sources other than Municipal Bonds Payments, will be equal to the Principal Installment of the Reserve Fund Obligations falling due on such date.

On or before December 31 of each year, after satisfying the deposit requirements set forth above, the Trustee is to will withdraw from the Reserve Fund any amount remaining therein derived from investment earnings or profits due to investments thereof, and pay over said amount to the Bond Bank for deposit in the Operating Fund, but only to the extent that there remains after such withdrawal an amount in the Reserve Fund at least equal to the Reserve Fund Requirement.

The 2005 General Bond Resolution provides that the Bond Bank will pay into the Reserve Fund (a) money made available by the State and paid by the State for the purpose of the Alaska Municipal Bond Bank Reserve Fund created by the Act in the amount provided by a Series Resolution; (b) all money paid to the Bond Bank pursuant to the Act for the purpose of restoring the Reserve Fund to the amount of the Reserve Fund Requirement; (c) such portion of the proceeds of sale of Bonds, if any, as will be provided by any Series Resolution; (d) Credit Enhancement; and (e) any other money which may be made available to the Bond Bank for the purposes of the Reserve Fund from any other source or sources. The Reserve Fund Requirement may be satisfied entirely, or in part, by a letter of credit, a line of credit, a credit facility, a surety bond, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds; provided, however, any credit enhancement satisfying all or any part of the Reserve Fund Requirement after the initial issuance of Bonds or issued in substitution of any prior credit enhancement previously issued will not, by itself, cause a withdrawal or downward revision of the ratings maintained by any Rating Agency with respect to the Bonds.

In the event there will be a deficiency in the Interest Account or in the Principal Account, the Trustee is to make up such deficiencies from the Reserve Fund.

*Administration of Reserve Fund.* The 2005 General Bond Resolution provides that money and securities held in the Reserve Fund will not be withdrawn therefrom at any time in such amount as would reduce the amount in such Fund to an amount less than the Reserve Fund Requirement except for the payment when due of debt service on Reserve Fund Obligations and to cure a deficiency in the Principal Account or the Interest Account. Add or cross reference to rest of §911 summary about requests to the Legislature and budget requests?

*Rebate Fund.* There will be deposited in the Rebate Fund the amount of the Rebate Requirement for each Series of Bonds, and the Trustee will pay over to the United States Government such amounts as determined by the Bond Bank and as set forth in the 2005 General Bond Resolution. All amounts held in the Rebate Fund, including income earned from investment of the Rebate Fund, shall be held by the Trustee free and clear of the lien of the 2005 General Bond Resolution.

*Operating Fund.* The 2005 General bond Resolution requires the deposit to the Operating Fund of all Fees and Charges, to the extent not otherwise encumbered or pledged, and any other money which may be made available to the Bond Bank therefor from any other source or sources. Money at any time held for the credit of the Operating Fund is to be used for and applied solely to the following purposes: (a) to pay the Administrative Expenses of the Bond Bank; (b) to pay the fees and expenses of the Trustee and any Paying Agent; (c) to pay financing costs incurred with respect to a Series of Bonds; and (d) to pay any expenses incurred in carrying out any other purpose then authorized by the Act.

The Operating Fund is held by the Bond Bank, not by the Trustee, and the 2005 General Bond Resolution provides that all amounts in the Operating Fund will be free and clear of any lien or pledge created by the 2005 General Bond Resolution.

### **Security for Deposits and Investment of Funds**

The 2005 General Bond Resolution provides that all money held by the Trustee will be continuously and fully secured, for the benefit of the Bond Bank and the Bondholders in such manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds but does not require the Trustee or any paying agent to give security for the deposit of any money with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any money which will be represented by obligations purchased under the provisions of the 2005 General Bond Resolution as an investment of such money. The 2005 General Bond Resolution also provides for the investment of funds held by the Trustee. See the definition of “Investment Securities” and Sections 702 and 703 of the 2005 General Bond Resolution in Appendix F.

### **Payment of Bonds**

The Bond Bank covenants in the 2005 General Bond Resolution that it will duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds according to the true intent and meaning thereof, and will duly and punctually satisfy all Sinking Fund Installments, if any, becoming payable with respect to any Series of Bonds.

### **Fees and Charges**

The Bond Bank may charge such Fees and Charges to each Governmental Unit to which a Loan is made, and will revise such Fees and Charges if necessary, so that such Fees and Charges actually collected from each such Governmental Unit will at all times produce money which, together with such Governmental Unit’s Allocable Proportion of other money available under the provisions of the 2005 General Bond Resolution, and other money available therefor, will be at least sufficient to pay, as the same become due, the Governmental Unit’s Allocable Proportion of the Administrative Expenses of the Bond Bank and of the fees and expenses of the Trustee and any Paying Agent.

### **Issuance of Additional Obligations**

The Bond Bank may issue additional Bonds and refunding Bonds pursuant to the terms of the 2005 General Bond Resolution; however, no additional series of Bonds are to be issued unless:

- (a) the aggregate principal amount of Bonds and Notes Outstanding at the time of issuance and delivery of such additional Bonds including the principal amount of such additional Bonds, will not exceed any limit thereon imposed by State law;
- (b) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by the 2005 General Bond Resolution or any Series Resolution to be paid into the Debt Service Fund and into the Reserve Fund;

(c) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds, will not be less than the Required Debt Service Reserve; and

(d) the maturities of, or Sinking Fund Installments for, the additional Bonds representing Loan Obligations, unless such additional Bonds are being issued to refund Outstanding Bonds, will be equal to the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

The Bond Bank expressly reserves the right to adopt other general bond resolutions and reserves the right to issue notes and any other obligations so long as the same are not a charge or lien on the Municipal Bonds, the Municipal Bonds Payments and the Fees and Charges or payable from the Debt Service Fund or the Reserve Fund.

### **Defeasance**

If the Bond Bank will pay or cause to be paid to the holders of all Bonds then Outstanding, the principal and interest and/or Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the 2005 General Bond Resolution and also will pay or cause to be paid all other sums payable under the 2005 General Bond Resolution, including any amounts payable to the United States, then, at the option of the Bond Bank, as expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Bond Bank to the Bondholders will be discharged and satisfied.

All Outstanding Bonds of any Series will, prior to the maturity or redemption date thereof, be deemed to have been paid if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Bond Bank will have given to the Trustee in form satisfactory to it irrevocable instructions to publish notice of redemption on said date of such Bonds, and (b) there will have been deposited with the Trustee either monies in an amount which will be sufficient or Investment Securities which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds and described in clause (1) of the definition thereof, the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee or Paying Agent at the same time, will be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as may be the case. See the definition of "Outstanding" and Article XIII of the 2005 General Bond Resolution in Appendix F.

### **Supplements and Amendments**

The Bond Bank may adopt a Series Resolution or Supplemental Resolution without the consent of the Bondholders or the Trustee for various purposes not inconsistent with the 2005 General Bond Resolution, to provide for the issuance of additional Series of Bonds, to impose additional limitations or restrictions on the issuance of Bonds, to impose other restrictions on the Bond Bank, to surrender any right, power or privilege, or to confirm any pledge of or lien upon the Municipal Bonds or the Municipal Bonds Payments or any other funds. The Bond Bank may also supplement the 2005 General Bond Resolution to cure any ambiguity or defect in the 2005 General Bond Resolution, provided such modifications are not contrary to or inconsistent with the 2005 General Bond Resolution as theretofore in effect.

Any other modification or amendment of the 2005 General Bond Resolution and of the rights and obligations of the Bond Bank and of the Bondholders may be made with the written consent (a) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that such modification or amendment will not permit (i) a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or Sinking Fund Installment therefor, (ii) a reduction in the principal amount or the Redemption Price

thereof or in the rate of interest thereon, (iii) a reduction of the percentage of the Holders of which is required to effect any such modification or amendment, or (iv) the creation of any lien prior to or on a parity with the lien created by the 2005 General Bond Resolution (except in the manner provided by the 2005 General Bond Resolution) or deprive the Bondholders of the lien created by the 2005 General Bond Resolution, without the consent of the holders of all the Bonds Outstanding or of the Series of Bonds affected by such modification or amendment. To the extent that the full payment of the interest and principal of Bonds of a Series is secured by Credit Enhancement, the Credit Enhancement Agency will be considered to be the Bondholder of all the Bonds of the Series for purposes of exercising any rights with respect to supplements and amendments to the 2005 General Bond Resolution if the Credit Enhancement so provides. See Articles X and XI and the definition of “Bondholder” in Appendix F.

## **Events of Default and Remedies**

Each of the following events is an Event of Default under the 2005 General Bond Resolution:

(a) the Bond Bank defaults in the payment of the principal or Redemption Price of, Sinking Fund Installment for, or interest on, any Bond when and as the same will become due whether at maturity or upon call for redemption, or otherwise;

(b) the Bond Bank fails or refuses to comply with the provisions of the Act regarding the certification of deficiencies in the 2005 General Bond Resolution Reserve Fund, or such amounts as will be certified to the Governor and to the Legislature pursuant to the Act are not appropriated and paid to the Bond Bank prior to the termination of the then current State fiscal year; or

(c) the Bond Bank fails or refuses to comply with the provisions of the Act, other than as described in (b) above, or defaults in the performance or observance of any other of the covenants, agreements or conditions on its part in the 2005 General Bond Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default will continue for a period of 45 days after written notice thereof by the Trustee or the Holders of not less than 25 percent in principal amount of the Outstanding Bonds;

provided, however, that an event of default will not be deemed to exist under the provisions described in clause (c) above upon the failure of the Bond Bank to make and collect Fees and Charges required to be made and collected by the 2005 General Bond Resolution or upon the failure of the Bond Bank to enforce any obligation undertaken by a Governmental Unit pursuant to a Loan Agreement including the making of the stipulated Municipal Bonds Payments so long as the Bond Bank may be otherwise directed by law and so long as the Bond Bank will be provided with money from the State or otherwise, other than withdrawals from or reimbursements of the Reserve Fund, sufficient in amount to pay the principal of and interest on all Bonds as the same will become due during the period for which the Bond Bank will be directed by law to abstain from making and collecting such Fees and Charges and from enforcing the obligations of a Governmental Unit under the applicable Loan Agreement.

The 2005 General Bond Resolution provides that upon the happening and continuance of any event of default described in paragraph (a) above, the Trustee will proceed, or upon the happening and continuance of any event of default described in paragraphs (b) and (c) above, the Trustee may proceed, and upon the written request of the holders of not less than 25 percent in principal amount of the Outstanding Bonds will proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, will deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Bond Bank to make and collect Fees and Charges and Municipal Bonds Payments adequate to carry out the covenants and agreements as to, and pledge of, such Fees and Charges and Municipal Bonds Payments, and other properties and to require the Bond Bank to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

- (b) by bringing suit upon the Bonds;
- (c) by action or suit in equity, require the Bond Bank to account as if it were the trustee of an express trust for the holders of the Bonds;
- (d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds.

*Acceleration.* The 2005 General Bond Resolution provides that upon the occurrence of an event of default in the payment of principal of and interest on Bonds then Outstanding, the Trustee may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding will, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will be immediately due and payable. This provision, however, is subject to the condition that if before any judgment or decree for the payment of the money due will have been obtained or entered, the Bond Bank deposits with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest upon all the Bonds, with interest on such overdue installments of principal at the rate borne by the respective Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee will have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will have been made therefor, then the holders of at least a majority in aggregate principal amount of the Bonds then outstanding, may, on behalf of the holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default. See Sections 1203 and 1204 in Appendix F.

*Bondholders' Direction of Proceedings.* The holders of a majority in principal amount of the Bonds then Outstanding will have the right to direct the method of conducting all remedial proceedings to be taken by the Trustee, provided that such direction will not be otherwise than in accordance with law or the 2005 General Bond Resolution, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

*Limitation on Rights of Bondholders.* No holder of any Bond will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the 2005 General Bond Resolution, or for the protection or enforcement of any right under the 2005 General Bond Resolution or any right under law unless such holder will have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25 percent in principal amount of the Bonds then Outstanding will have made written request of the Trustee and will have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted under law or to institute such action, suit or proceeding in its name and unless, also, there will have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred thereby, and the Trustee will have refused or neglected to comply with such request within a reasonable time. No holder of the Bonds will have any right to affect, disturb or prejudice the security of the 2005 General Bond Resolution, or to enforce any right with respect to the Bonds or the 2005 General Bond Resolution, except in the manner provided in the 2005 General Bond Resolution, and all proceedings at law or in equity will be instituted, held and maintained in the manner herein provided and for the benefit of all Bondholders.

### **Excess Earnings**

The Bond Bank covenants and agrees to calculate Rebatale Arbitrage and to pay Rebatale Arbitrage to the United States of America in the manner necessary to comply with the then applicable federal tax law. Within 30 days after the end of every fifth Bond Year, and within 60 days of the date when all of each Series of Bonds have been retired (or at such other time or times as may then be required by the Code and the applicable Income Tax Regulations), the Bond Bank will determine the Rebatale Arbitrage with respect to each Series of Bonds, and pay rebate amounts due the United States of America with respect thereto, as provided in Section 148(f) of the Code.

## **Modifications to the 2005 General Bond Resolution**

The 2005 General Bond Resolution authorizes modifications of any provision set forth in the 2005 General Bond Resolution by the terms of a Supplemental Resolution, with such modifications becoming effective after all Bonds of each Series Outstanding as of the date of such Supplemental Resolution authorizing such modification cease to be Outstanding. A first supplemental resolution (the "First Supplemental Resolution") was approved by the Board of Directors of the Bond Bank at a meeting held on February 19, 2013.

The First Supplemental Resolution authorizes the following modifications to the 2005 General Bond Resolution: (i) to authorize the Trustee to release to the Bond Bank amounts held in the Reserve Fund which exceed the Required Debt Service Reserve whenever there is a reduction in the Required Debt Service Reserve, (ii) to authorize the Trustee to release to the Bond Bank earnings and profits realized from investments in the Reserve Fund on or before June 30 of each year so long as the balance therein equals the Required Debt Service Reserve, (iii) to allow for certain amendments and modifications to the 2005 General Bond Resolution to be effective upon securing the consent of Holders of at least two-thirds in principal amount of Bonds then Outstanding, and (iv) to establish that consent of Holders of Bonds, when required under the terms of the 2005 General Bond Resolution, specifically includes the consent of an underwriter or purchaser of a Series of Bonds at the time such Bonds are issued.

The modifications to the 2005 General Bond Resolution set forth in the First Supplemental Resolution shall become effective after all Bonds issued prior to the 2013 Series One Bonds cease to be Outstanding and compliance by the Bank with certain requirements set forth in the 2005 General Bond Resolution, at which time these modifications will apply to the 2016 Series One Bonds and govern the rights and obligations of the Holders thereof.

## **LITIGATION**

Upon the delivery of the 2016 Series One Bonds, the Bond Bank will furnish a certificate to the effect that, among other things, there is no litigation pending in any court to restrain or enjoin the issuance or delivery of the 2016 Series One Bonds, or in any way contesting the validity or enforceability of the 2016 Series One Bonds, the 2005 General Bond Resolution or any Bonds or money pledged under the 2005 General Bond Resolution.

## **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale by the Bond Bank of the 2016 Series One Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Bond Bank. The proposed form of the opinion of Bond Counsel is included herein as Appendix A.

Certain legal matters will be passed upon for (i) the City of Klawock by its bond counsel, K&L Gates LLP of Seattle, Washington, (ii) Kenai Peninsula Borough and Kodiak Island Borough by their co-bond counsel, Foster Pepper PLLC of Seattle, Washington, and the Levesque Law Group, LLC of Anchorage, Alaska, and (iii) the City of Seward by its counsel, Jermaine, Dunnagan & Owens, P.C., Anchorage, Alaska.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Causey Demgen & Moore P.C., independent certified public accountants, will verify the mathematical accuracy of certain computations provided by the Financial Advisor regarding (a) the adequacy of the maturing principal amounts of and interest on the Escrow Obligations, together with an initial cash deposit, to pay the redemption price of and interest on the Refunded Bonds and (b) the actuarial yields on the 2016 Series One Bonds and the Escrow Obligations. Such verifications have been relied upon by the Bond Bank's Bond Counsel to support its conclusion that the 2016 Series One Bonds are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986.

## UNDERWRITING

The Bond Bank offered the 2016 Series One Bonds at public sale on January 20, 2016. The Bond Bank awarded the contract for the sale of the 2016 Series One Bonds to \_\_\_\_\_ at a purchase price of \$\_\_\_\_\_ (reflecting the aggregate principal amount of the 2016 Series One Bonds, plus/less a net original issue premium/discount of \$\_\_\_\_\_ less an underwriter's discount of \$\_\_\_\_\_). The Underwriter has represented to the Bond Bank that the 2016 Series One Bonds have been subsequently reoffered to the public initially at the yield or price set forth in the inside cover of the Official Statement.

The initial offering prices (or prices corresponding to the yields) set forth on the inside cover of this Official Statement may be changed from time to time by the Underwriter without prior notice to any person after the date of the sale of the 2016 Series One Bonds. The Underwriter may offer and sell the 2016 Series One Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the initial offering prices (or prices corresponding to the yields) set forth on the inside cover of this Official Statement.

## MUNICIPAL ADVISOR

Western Financial Group, LLC has acted as financial advisor (the "Municipal Advisor") to the Bond Bank in connection with the issuance of the 2016 Series One Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Western Financial Group, LLC is an independent advisory firm registered with the Securities and Exchange Commission and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

## FINANCIAL STATEMENTS

The financial statements of the Bond Bank included as Appendix E to this Official Statement have been audited by BDO USA, LLP, independent certified public accounts, to the extent and for the periods indicated in their report thereon. Such financial statements have been included in reliance upon the report of BDO USA, LLP.

The Bond Bank has not requested BDO USA, LLP to provide written consent for inclusion of the financial statements in this Official Statement.

## TAX MATTERS

**2016 Series One Bonds.** In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2016 Series One Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the further opinion that interest on the 2016 Series One Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

Bond Counsel is also of the opinion, based on existing laws of the State as enacted and construed that interest on the 2016 Series One Bonds is exempt from taxation by the State except for transfer, estate and inheritance taxes.

To the extent the issue price of any maturity of the 2016 Series One Bonds is less than the amount to be paid at maturity of such 2016 Series One Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2016 Series One Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2016 Series One Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the 2016 Series One Bonds is the first price at which a substantial amount of such maturity of the 2016 Series One Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in



the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such 2016 Series One Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2016 Series One Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2016 Series One Bonds. Beneficial Owners of the 2016 Series One Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2016 Series One Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such 2016 Series One Bonds is sold to the public.

2016 Series One Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Bond Bank and each Governmental Unit have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2016 Series One Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2016 Series One Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2016 Series One Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2016 Series One Bonds may adversely affect the value of, or the tax status of interest on, the 2016 Series One Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2016 Series One Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2016 Series One Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration’s budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the 2016 Series One Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2016 Series One Bonds. Prospective purchasers of the 2016 Series One Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore,

Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Bond Bank or the Governmental Units or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Bond Bank and the Governmental Units have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Bond Bank, the Governmental Units or the Beneficial Owners regarding the tax-exempt status of the 2016 Series One Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Bond Bank, the Governmental Units and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Bond Bank or the Governmental Units legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the 2016 Series One Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Bond Bank, the Governmental Units or the Beneficial Owners to incur significant expense.

## RATINGS

Fitch Ratings ("Fitch") and Standard & Poor's Ratings Services ("S&P") have assigned "\_\_\_" and "\_\_\_ (\_\_\_ outlook)" ratings, respectively, to the 2016 Series One Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch, One State Street Plaza, New York, New York 10004, (212) 908-0500; S&P, 55 Water Street, New York, New York 10041 (212) 438-1000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. **There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2016 Series One Bonds.**

## CONTINUING DISCLOSURE UNDERTAKING

*Basic Undertaking to Provide Annual Financial Information and Notice of Material Events.*

**Continuing disclosure is provided for the benefit of Beneficial Owners.** Pursuant to the Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule"), the Bond Bank will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") annual financial information and operating data as described below. In addition, if any Governmental Unit has outstanding with the Bond Bank an amount of municipal bonds equal to or greater than 20 percent of all Bonds Outstanding, such Governmental Unit will be contractually required to provide the MSRB audited financial statements prepared in accordance with generally accepted accounting principles applicable to governmental entities, as such principles may be changed from time to time.

Not later than 120 days after the end of each Bond Bank fiscal year, the Bond Bank will notify each Governmental Unit that has (as of the last day of the Bond Bank's prior fiscal year), an amount of municipal bonds equal to or greater than 20 percent of all Loans outstanding, of its continuing disclosure undertaking responsibility. A list of such Governmental Units will be included in the Bond Bank's annual financial information filing.

The Bond Bank will also undertake to provide or cause to be provided to the MSRB a notice of the occurrence of any of the following events specified by the Rule with respect to the 2016 Series One Bonds within ten business days of the occurrence of the event: (a) principal and interest payment delinquencies; (b) unscheduled draws on debt service reserves reflecting financial difficulties; (c) unscheduled draws on credit enhancements

reflecting financial difficulties; (d) substitution of credit or liquidity providers, or their failure to perform; (e) adverse tax opinions or events affecting the tax-exempt status of the 2016 Series One Bonds; (f) defeasances; (g) rating changes; (h) tender offers; (i) bankruptcy, insolvency, receivership or similar proceeding by the Bond Bank or “obligated person.” The Bond Bank will also file with the MSRB a notice of any of the following events with respect to the 2016 Series One Bonds within ten business days of the occurrence of such event, if material: (a) non-payment related defaults; (b) modification to rights of holders of 2016 Series One Bonds; (c) bond calls, other than mandatory, scheduled redemptions not otherwise contingent on the occurrence of an event; (d) release, substitution or sale of property securing repayment of the 2016 Series One Bonds; (e) other than in the normal course of business, the consummation of a merger, consolidation or acquisition involving an “obligated person,” or the sale of all or substantially all of the assets of the Bond Bank or “obligated person,” or the entry into a definitive agreement to undertake such an action, or a termination of a definitive agreement relating to any such actions, other than in accordance with its terms; (f) appointment of a successor or additional trustee or the change in name of the Trustee for the 2016 Series One Bonds.

The Bond Bank also will provide to the MSRB timely notice of its failure to provide required annual financial information.

*Type of Annual Financial Information Undertaken to be Provided by the Bond Bank.* The annual financial information that the Bond Bank undertakes to provide will consist of (a) annual financial statements for the Bond Bank, prepared in accordance with generally accepted accounting principles applicable to governmental entities, as such principles may be changed from time to time; (b) a statement of authorized, issued and outstanding bonded debt; (c) Reserve Fund balance; and (d) Governmental Unit statistics in substantially the same form as Appendix C attached hereto. This information will be provided to the MSRB not later than 210 days after the end of each fiscal year of the Bond Bank (currently, the 12-month period ending June 30), as such fiscal year may be changed as required by State law, commencing with the Bond Bank's fiscal year ending June 30, 2016.

*Amendment of Undertaking.* The Bond Bank's continuing disclosure undertaking is subject to amendment after the primary offering of the 2016 Series One Bonds without the consent of any Beneficial Owner of any 2016 Series One Bond, or any broker, dealer, municipal securities dealer, participating underwriter, rating agency, or the MSRB, if (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Bond Bank; (b) the Undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the 2016 Series One Bonds, after taking into account any amendments or interpretations of the Rule by the SEC and any changes in circumstances; (c) the Bond Bank obtains an opinion of nationally recognized bond counsel to the effect that the amendment will not adversely affect the Bond Bank's compliance with the Undertaking and Rule; and (d) the Bond Bank notifies and provides the MSRB with copies of the opinions and amendments. Such amendment may be adopted without the consent of any Beneficial Owner of any of the 2016 Series One Bonds, notwithstanding any other provision of the continuing disclosure undertakings or the 2005 General Obligation Bond Resolution.

The first annual report containing amended operating data or financial information pursuant to an amendment of the Bond Bank continuing disclosure undertaking will explain, in narrative form, the reasons for the amendment and its effect on the type of operating data and financial information being provided.

All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

*Termination.* The obligations of the Bond Bank under its undertaking will terminate upon the legal defeasance, prior redemption or payment in full of all of the 2016 Series One Bonds.

*Remedy for Failure to Comply with Undertaking.* No failure by the Bond Bank and/or Governmental Units to comply with any provisions of their respective undertakings will constitute a default in respect of the 2016 Series One Bonds, and the sole remedy under the respective undertakings in the event of any failure of the Bond Bank or any Governmental Unit to comply with its undertaking will be the right to obtain specific performance of the undertaking.

### **Prior Compliance with Continuing Disclosure Undertakings Under the Rule**

*Bond Bank Bonds Issued Under the 2005 General Obligation Bond Resolution.* The Bond Bank previously entered into continuing disclosure undertakings under the Rule in connection with its outstanding Bonds. The Bond Bank subsequently discovered it had not filed certain event notices in connection with rating downgrades of insurers and underlying ratings upgrades. Event notices were subsequently filed.

In addition, the Bond Bank discovered it had not included in its annual report statistics of Governmental Units similar to those found in Appendix C of its official statements, as required by prior continuing disclosure undertakings. Such information was included in publicly available official statements prepared by the Bond Bank every year of noncompliance for Bonds issued under the 2005 General Bond Resolution. Such information was, however, dated on or about the date of the official statement rather than as of the end of the Bond Bank's fiscal year end. This technical deficiency was cured and such information was filed with the MSRB.

*Other Bonds Issued by the Bond Bank.* The Bond Bank previously entered into continuing disclosure undertakings for bonds issued under its 1976 General Bond Resolution and 2010 Resolution. The Bond Bank discovered that certain annual financial information relating to governmental units participating in the 1976 General Bond Resolution pool and the 2010 Resolution pool had not been filed. This technical deficiency was cured and such information was filed with the MSRB. The Bond Bank previously entered into continuing disclosure undertakings in connection with certain revenue bonds issued by the Bond Bank. The Bond Bank discovered certain annual financial information relating to governmental units was not filed under the terms of such undertakings. These revenue bonds no longer remain outstanding.

*General.* The Bond Bank has developed procedures to ensure its continuing disclosure obligations are complied with in all material respects. Although there have been instances of technical deficiencies with its previous undertakings, the Bond Bank reasonably believes it has complied in the past five years in all material respects with its previous undertakings with regard to the Rule.

*Governmental Units.* In 2014 it was discovered that certain of the Governmental Units who timely filed annual financial information in accordance with their prior undertakings inadvertently failed to associate that annual financial information with all Bonds issued and Outstanding under the 2005 General Bond Resolution. Effective February 20, 2014, each undertaking and/or Loan Agreement executed by Governmental Units includes an express requirement that such filing be linked to all Outstanding Bonds issued under the 2005 General Bond Resolution.<sup>2</sup>

## **SOURCES OF CERTAIN INFORMATION**

As of the date of this Official Statement, the Governmental Units which have loan obligations in an amount of ten percent (10%) or greater in the pool of loans financed with proceeds of Bonds are the City and Borough of Sitka (14.59%), the City and Borough of Juneau (12.90%), the Kenai Peninsula Borough (11.17%), and the City of Ketchikan (10.31%). These Governmental Units have provided the information appearing in Appendix D of this Official Statement.

<sup>2</sup> Prior to October 30, 2014, a Governmental Unit that had bonds which constituted 10 percent or more of outstanding municipal bonds held by the Bond Bank under its 2005 General Bond Resolution was required to provide certain financial and operating data to the MSRB. Effective October 30, 2014, all Governmental Units with outstanding municipal bonds held by the Bond Bank under its 2005 General Bond Resolution are required by the terms of their Loan Agreements to file financial statements with the MSRB.

The Bond Bank makes no representation as to the accuracy of the information concerning the City and Borough of Juneau, the Kenai Peninsula Borough, the City and Borough of Sitka, or the City of Ketchikan found in Appendix D of this Official Statement.

## DEFINITIONS

The following terms are used in this Official Statement with the following meanings:

**"Act"** — The Alaska Municipal Bond Bank Act, codified as Chapter 85, Title 44, of the Alaska Statutes, as amended.

**"Bond Bank"** — The Alaska Municipal Bond Bank, a public corporation and instrumentality of the State of Alaska within the Department of Revenue but with legal existence independent of and separate from the State.

**"Bonds"** — Bonds issued by the Bond Bank under the 2005 General Bond Resolution pursuant to a Series Resolution. These include "Loan Obligations" and "Reserve Fund Obligations" as defined below.

**"Code"** — Internal Revenue Code of 1986 and the regulations thereunder, as amended.

**"Credit Enhancement"** — A letter of credit, a line of credit, a credit facility, a surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds to further secure the payment of the Bonds of such Series or to satisfy the Reserve Fund Requirement.

**"Credit Enhancement Agency"** — Any bank or other institution that provides Credit Enhancement.

**"Debt Service Fund"** — A fund established by the 2005 General Bond Resolution to be maintained and held by the Trustee. The 2005 General Bond Resolution defines and provides that the "Interest Account," "Principal Account" and "Redemption Account" are maintained within the Debt Service Fund.

**"Fees and Charges"** — All fees and charges authorized to be charged by the Bond Bank pursuant to Sections 44.85.080 (8), (15), and (16) of the Act and charged by the Bank pursuant to the terms and provisions of the Loan Agreements.

**"Governmental Unit"** — A municipality or such other entity from which the Bond Bank is authorized by law to purchase its revenue bonds, general obligation bonds, notes, or other forms of indebtedness and which otherwise satisfies conditions found in the 2005 General Bond Resolution and in the Loan Agreement.

**"Loan Agreement"** — An agreement, and any amendments thereto, entered into between the Bond Bank and a Governmental Unit setting forth the terms and conditions of a loan.

**"Loan Obligations"** — The amount of Bonds and the Bonds themselves issued by the Bond Bank for the purchase of Municipal Bonds of a Governmental Unit.

**"Municipal Bonds"** — General obligation bonds, revenue bonds, notes or other evidence of debt issued by any Governmental Unit, as defined in the Act, which have been acquired by the Bond Bank as evidence of a loan to the Governmental Unit pursuant to the Act.

**"Municipal Bonds Payment"** — The amounts paid or required to be paid, from time to time, for principal and interest by a Governmental Unit to the Bond Bank on the Governmental Unit's Municipal Bonds.

**"Notes"** — Any obligations referred to in the 2005 General Bond Resolution issued by the Bond Bank other than Bonds.

**"Operating Fund"** — A fund established by the 2005 General Bond Resolution. This fund is not held by the Trustee and money therein is not pledged as security for Bonds.

**"Outstanding"** — When used with reference to Bonds, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the 2005 General Bond Resolution, other than Bonds owned or held by or for the account of the Bond Bank except: (i) any Bonds cancelled by the Trustee at or prior to such date, (ii) any Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the 2005 General Bond Resolution, and (iii) Bonds deemed to have been paid as provided in the 2005 General Bond Resolution.

**"Reserve Fund"** — The reserve account established by the 2005 General Bond Resolution and held by the Trustee pursuant to the provisions of the 2005 General Bond Resolution.

**"Reserve Fund Obligations"** — Bonds issued by the Bond Bank to obtain funds to deposited in the Reserve Fund.

**"Reserve Fund Requirement"** — The amount required to be on deposit in the 2005 General Bond Resolution Reserve Fund is the least of the following: (i) 10% of the initial stated principal amount of each Series of Bonds then Outstanding; (ii) maximum annual principal and interest requirements on all Bonds then Outstanding; (iii) 125% of average annual principal and interest requirements on all Bonds then Outstanding; or (iv) such lesser amount as shall be required by law. The Reserve Fund Requirement may be satisfied entirely, or in part, by Credit Enhancement; provided, however, any Credit Enhancement satisfying all or any part of the Reserve Fund Requirement after the initial issuance of Bonds or issued in substitution for any prior Credit Enhancement previously issued will not, by itself, cause a withdrawal or downward revision of the ratings maintained by any Rating Agency with respect to the Bonds.

**"Required Debt Service Reserve"** — As of any date of calculation, the amount required to be on deposit in the Reserve Fund which amount shall at least be equal to the Reserve Fund Requirement.

**"Series Resolution"** — A resolution of the Bond Bank authorizing the issuance of a series of Bonds in accordance with the terms of the 2005 General Bond Resolution.

**"2005 General Bond Resolution"** — The Bond Bank's 2005 General Obligation Bond Resolution adopted July 13, 2005, as amended August 19, 2009. (The Bond Bank may adopt additional general obligation resolutions for the same or different purposes.)

## MISCELLANEOUS

The summaries or descriptions of provisions in the Bond Resolution and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such documents or provisions, and reference is hereby made to the complete documents and materials, copies of which will be furnished by the Bond Bank on request. The 2005 General Bond Resolution has been included herein as Appendix F.

Any statements made in this Official Statement indicated to involve matters of opinion or estimates are represented as opinions or estimates in good faith. No assurance can be given, however, that the facts will materialize as so opined or estimated.

## **PRELIMINARY OFFICIAL STATEMENT**

The Bond Bank hereby deems this Preliminary Official Statement pursuant to the SEC Rule 15c2-12 as final as of its date except for the omission of the information dependent upon the pricing of the issue, such as offering prices, interest rates, delivery date and other terms of the 2016 Series One Bonds dependent on the foregoing matters.

## **OFFICIAL STATEMENT**

The Bond Bank has authorized the execution and distribution of this Official Statement.

### **ALASKA MUNICIPAL BOND BANK**

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Deven J. Mitchell  
Executive Director

## APPENDIX A

### Proposed Form of Legal Opinion



## APPENDIX B

### State Payments to Governmental Units

## Appendix B

### State Payments to Governmental Units

The State of Alaska (the “State”) disburses to Alaskan cities and boroughs (the “Governmental Units”) funds that generally are available for uses other than paying municipal bond debt service. In the event of default by a Governmental Unit with respect to a Loan Agreement, the Bond Bank is authorized to cause such funds, held in custody by the State prior to disbursement, to be paid over to the Bond Bank. However, the State may at any time reduce or terminate the disbursements or programs under which they are made. Four of the departments of the State that disburse money to Governmental Units are as follows:

(1) Department of Education and Early Development. The Department of Education and Early Development (DEED) disburses State aid for educational purposes primarily through the school debt reimbursement, the foundation funding, and pupil transportation programs, in addition to funding for boarding homes, residential boarding, youth in detention, special schools, and the Alaska Challenge Youth Academy programs. The first program provides a system under which the State, subject to annual appropriation by the State Legislature, will reimburse municipalities that operate school districts for certain costs of school construction. State reimbursement applies to debt service on locally issued general obligation school bonds. Timing of reimbursements is determined by municipalities’ debt service payments, and is made throughout the year. This program provides that subject to statutory and regulatory conditions that the State will reimburse municipalities for a pre-determined percentage of debt service incurred for such bonds, depending on when such bonds were issued and the project components. The State has in the past, and may in the future, appropriate less than the full amount to which the municipalities are entitled. When appropriations are less than 100 percent of the entitlement, funds have been allocated pro rata among the eligible school districts.

Under the second program, the State aids local school districts in the payment of operating expenses under the State “K-12 foundation” funding which provides education-related aid for operating costs associated with qualified K-12 schools as well as programs such as the handicapped facilities and nutrition programs. The program provides for monthly distributions to the school districts.

Under the third program, the state aids local school districts for pupil transportation. The program provides for monthly distributions to the school districts.

Under the fourth program, the state has provided one-time grant funds.

(2) Department of Revenue. The Department of Revenue disburses shares of various State taxes collected by the within the jurisdiction of certain Governmental Units including aviation fuel, Commercial Passenger Vessel, electric, telephone, liquor and fisheries resources landed and business taxes. Payments are distributed both semi-annually in January and July and annually in October depending upon the type of tax.

(3) Department of Commerce, Community and Economic Development. The Department of Commerce, Community and Economic Development (DCCED) administers a payment in lieu of taxes program under which the federal government pays a fee for use of land. The payments received from the federal government are passed through the State to certain Governmental Units. Distributions occur annually in July. The State also disburses money to certain Governmental Units through the DCCED's Capital Matching Grants program to provide

assistance in financing capital projects. Distributions are made throughout the year as approved projects are constructed. Additionally the State Revenue Sharing program provides an annual transfer to certain governmental units based on population. The revenue sharing transfers occur in the first quarter of the fiscal year.

(4) Department of Corrections. The Department of Corrections transfers monthly amounts to pay operational expenses of local communities that house prisoners in municipal-owned facilities.

*Sources: State of Alaska, Department of Administration, Division of Finance; State of Alaska, Office of Management and Budget; and State of Alaska, Department of Revenue, Tax Division. Further information regarding the State of Alaska may be found at <http://alaska.gov> (this reference is not a hyperlink, and, by this reference, the State of Alaska's website is not incorporated into this Official Statement).*

## Alaska Municipal Bond Bank Capability to Intercept Funds

	FY 2014 Shared Taxes & Fees one time transfers for 7 categories of tax and license type (updated in December annually)	FY 2016 DOT Reimbursement Program transferred as debt service comes due semi-annually (current year annual appropriation)	FY 2016 Projected School Debt Reimbursement transferred as debt service comes due semi- annually (current year annual appropriation)	FY 2015 Projected Education Support transferred in 12 level monthly installments during fiscal year (current year annual appropriation)	Matching Grants as of August 1, 2015 will be drawn down as projects are completed (current and past year capital grant appropriations) (1)	FY 2016 Community Jails - Transferred in 12 level monthly payments during fiscal year (current year annual appropriation)	FY 2014 PILT transfers	Revenue Sharing FY 2015 disbursed at one time by October of fiscal year (current year annual appropriation)	Total Intercept Capability	Fiscal Year 2016 Total Debt Service (2)	Coverage Ratio
<b>Boroughs</b>											
Aleutians East Borough	\$1,797,534	\$459,485	\$742,548	\$4,911,913	\$4,378,760	0	\$0	\$386,351	\$12,676,591	\$2,600,689	4.87
Municipality of Anchorage	1,433,046	0	46,194,707	324,351,335	407,097,250	0	0	14,642,219	793,718,557	294,900	2,691.48
Haines Borough (3)	591,211	0	975,671	2,619,243	17,353,920	215,954	0	598,985	22,354,984	1,807,465	12.37
City & Borough of Juneau	5,144,121	0	11,981,106	38,662,933	11,327,877	0	0	2,034,988	69,151,025	17,674,609	3.91
Kenai Peninsula Borough	1,402,081	0	2,781,075	79,544,016	18,385,802	0	0	2,124,472	104,237,446	13,072,898	7.97
Ketchikan Gateway Borough	3,053,022	0	2,698,978	22,775,213	12,786,377	0	0	625,356	41,938,946	5,944,571	7.05
Kodiak Island Borough (3)	1,614,025	0	5,478,067	26,642,170	4,404,622	0	0	699,804	38,838,688	7,327,270	5.30
Lake & Peninsula Borough	\$557,853	\$0	1,802,840	9,153,816	0	0	0	427,173	11,941,682	2,428,050	4.92
Northwest Arctic Borough	2,539	0	4,058,042	38,350,333	5,598,289	0	0	427,738	48,436,941	6,269,410	7.73
Petersburg Borough	1,263,718	0	470,978	5,692,676	6,475,922	173,626	512,947	534,072	15,123,939	1,643,348	9.20
City & Borough of Sitka	1,466,546	0	2,410,188	13,461,270	31,977,167	391,194	0	905,101	50,611,466	13,998,002	3.62
Municipality of Skagway (3)	4,077,115	0	0	708,925	9,769,467	0	0	430,183	14,985,690	1,390,862	10.77
City & Borough of Wrangell	369,617	0	201,570	3,483,443	4,891,147	325,274	0	595,505	9,866,556	388,276	25.41
<b>Cities</b>											
Adak	\$180,249	\$0	\$0	\$0	\$0	\$0	\$0	\$109,309	\$289,558	\$104,138	2.78
Bethel*	\$2,632	0	0	0	14,638,651	0	804,164	391,252	15,836,699	291,838	54.27
Cordova	1,906,957	0	930,443	3,948,931	2,648,286	135,303	393,230	204,262	10,167,412	1,774,665	5.73
Craig	0	0	0	4,980,634	2,118,428	322,724	0	0	7,421,786	135,990	54.58
Dillingham (3)	489,647	0	793,161	6,341,535	904,319	526,851	422,987	208,636	9,687,136	257,295	37.65
Hoonah	743,252	0	65,667	2,196,897	242,801	0	137,204	133,530	3,519,351	107,600	32.71
Homer*	139,020	0	0	0	5,375,734	424,080	0	337,544	6,276,378	289,750	21.66
Ketchikan* (3)	3,031,293	0	0	0	13,063,083	0	0	486,957	16,581,333	7,369,784	2.25
Kenai*	349,153	0	0	0	12,613,595	0	14,252	436,824	13,413,824	178,798	75.02
King Cove* (3)	512,655	0	0	0	521,579	0	0	139,926	1,174,160	266,654	4.40
Kodiak* (3)	1,274,151	0	0	0	7,386,445	991,552	0	394,074	10,046,222	606,209	16.57
Nome	49,980	0	213,228	8,579,603	15,175,763	0	438,945	268,081	24,725,600	752,359	32.86
North Pole*	52,597	0	0	0	2,486,885	0	0	199,888	2,739,370	36,550	74.95
Palmer*	150,128	0	0	0	7,022,768	0	0	382,175	7,555,071	111,050	68.03
Sand Point*	243,817	0	0	0	8,551	0	0	143,876	396,244	183,180	2.16
Saxman*	0	0	0	0	769,700	0	0	115,329	885,029	12,763	69.35
Seward* (3)	820,074	0	0	0	28,301,495	368,952	0	212,963	29,703,484	1,559,985	19.04
Soldotna*	48,090	0	0	0	4,106,199	0	0	297,475	4,451,764	219,070	20.32
Unalaska	8,218,176	366,745	661,449	4,504,557	566,965	431,207	763,584	318,779	15,831,462	3,521,226	4.50
Valdez	838,368	213,381	1,619,257	4,664,931	4,784,472	354,749	703,602	288,868	13,467,628	341,950	39.38
Wasilla*	251,392	0	0	0	11,666,820	0	0	489,403	12,407,615	420,819	29.48
<b>Other Jurisdictions</b>											
University of Alaska (3) (4)									385,900,000	2,204,000	175.09

\* Communities that are located in a borough which operates the public schools in the community and receives that related Education Support Funding.

(1) Matching grants are appropriated by the Alaska State Legislature and can vary significantly from year to year.

(2) Includes annual debt service associated with bonds sold under the Bond Bank's 1976 Resolution.

(3) Borrowers to this issue.

(4) Interceptable revenue of the University of Alaska is comprised of direct appropriations from the State of Alaska.

APPENDIX C  
Governmental Unit Statistics  
Regarding Participation in the Bond Bank

**APPENDIX C**  
**GOVERNMENTAL UNIT STATISTICS**  
**REGARDING PARTICIPATION IN THE BOND BANK**

**2005 GENERAL BOND RESOLUTION**  
**OUTSTANDING LOAN PRINCIPAL TO GOVERNMENTAL UNIT BORROWERS OF THE**  
**ALASKA MUNICIPAL BOND BANK**  
**AS OF JANUARY 1, 2016**  
**(Does Not Include 2016 Series One Bonds)**

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	145,235,000	14.59%
Kenai Peninsula Borough	111,235,000	11.17%
City and Borough of Juneau	128,435,000	12.90%
City of Ketchikan	102,625,000	10.31%
University of Alaska	86,085,000	8.65%
Kodiak Island Borough	92,640,000	9.30%
Ketchikan Gateway Borough	38,565,000	3.87%
Northwest Arctic Borough	36,060,000	3.62%
City of Seward	36,685,000	3.68%
City of Unalaska	34,685,000	3.48%
Aleutians East Borough	27,275,000	2.74%
Municipality of Skagway	21,415,000	2.15%
City of Cordova	18,665,000	1.87%
Lake & Peninsula Borough	17,145,000	1.72%
City of Kodiak	13,070,000	1.31%
Petersburg Borough	11,280,000	1.13%
City of Dillingham	11,275,000	1.13%
Haines Borough	11,690,000	1.17%
City of Nome	4,950,000	0.50%
Municipality of Anchorage	3,615,000	0.36%
City of Homer	3,475,000	0.35%
City of Bethel	2,635,000	0.26%
City of Valdez	2,505,000	0.25%
City of Sand Point	2,500,000	0.25%
City of King Cove	3,105,000	0.31%
City of Soldotna	2,010,000	0.20%
City of Craig	1,755,000	0.18%
City of Kenai	1,615,000	0.16%
City and Borough of Wrangell	1,265,000	0.13%
City of Wasilla	1,185,000	0.12%
City of Hoonah	1,080,000	0.11%
City of Palmer	785,000	0.08%
City of Adak	755,000	0.08%
City of North Pole	820,000	0.08%
City of Saxman	160,000	0.02%
Reserve Obligations	17,415,000	1.75%
Total Outstanding Par	\$995,695,000	100.00%

## APPENDIX D

Summaries of Borrowers Representing  
10% or More of Outstanding Principal of Bonds  
Issued Under the 2005 General Bond Resolution

## Kenai Peninsula Borough - General Fund General Obligation Financial Summary

Municipal Financial Position		2010	2011	2012	2013	2014	Average
Property Tax Collections							
Borrower's Property Tax Rate per \$1,000		\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$5.40
Municipal Levy		\$28,875,124	\$29,058,274	\$30,419,493	\$30,823,497	\$31,750,392	\$29,669,460
Current Year's Collections		\$28,375,677	\$28,630,610	\$29,946,804	\$30,382,636	\$31,332,596	\$29,252,398
Current Collection Rate		98.27%	98.53%	98.45%	98.57%	98.68%	98.59%
Total Year's Collections		\$28,868,219	\$29,044,494	\$30,396,459	\$30,729,748	\$31,332,596	\$29,611,923
Total Collection Rate		99.98%	99.95%	99.92%	99.70%	98.68%	99.81%
General Fund							
Total Ending Fund Balance		\$ 23,025,423	\$ 21,705,814	\$ 21,466,583	\$ 23,310,985	\$ 24,881,372	
Unreserved Ending Fund Balance		\$ 22,864,839	\$ 21,454,058	\$ 21,268,520	\$ 16,296,148	\$ 15,896,686	\$19,850,003
Expenditures		\$ 70,829,556	\$ 72,163,558	\$ 71,347,868	\$ 72,452,478	\$ 73,376,361	\$66,417,519
Fund Balance/Expenditures		32%	30%	30%	22%	22%	30%
Total Revenues		\$ 68,716,762	\$ 70,799,893	\$ 71,108,637	\$ 74,255,493	\$ 74,945,074	\$67,188,610
Intergovernmental Revenues		\$ 8,987,813	\$ 8,538,331	\$ 9,749,464	\$ 10,392,037	\$ 9,486,455	\$8,402,746
Percentage Intergovernmental		13%	12%	14%	14%	13%	12%
Overall Municipal Debt Position							
Revenue Debt - Governmental Funds		\$ -	\$ -	\$ -	\$ -	\$ -	
Revenue Debt - Enterprise Funds		\$ -	\$ -	\$ -	\$ -	\$ -	
Total Revenue Debt		\$ -	\$ -	\$ -	\$ -	\$ -	
General Obligation Debt - Governmental Funds (General Fund only)		\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	\$ 45,055,000	
General Obligation Debt - Enterprise Funds		\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt		\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	\$ 45,055,000	
Total Revenue and General Obligation Debt		\$ 20,364,000	\$ 33,910,000	\$ 30,230,000	\$ 26,820,000	\$ 45,055,000	
Governmental GO Debt/ Assessed Value (mry)		0.32%	0.53%	0.46%	0.40%	0.65%	
Enterprise GO Debt / Assessed Value (mry)		0.00%	0.00%	0.00%	0.00%	0.00%	
Total Revenue and GO Debt/A.V. (mry)		0.32%	0.53%	0.46%	0.40%	0.65%	
General Obligation Debt Per Capita		\$380	\$612	\$536	\$473	\$792	
Total Revenue and GO Debt Per Capita		\$380	\$612	\$536	\$473	\$792	
General Economic and Demographic Data		2010	2011	2012	2013	2014	Annual Growth Rate
Population		53,578	55,400	56,369	56,756	56,862	0.19%
Assessed Value		\$ 6,369,098,000	\$ 6,393,531,000	\$ 6,633,241,000	\$ 6,716,010,000	\$ 6,960,196,000	3.64%
Assessed Value Per Capita		\$ 118,875	\$ 115,407	\$ 117,675	\$ 118,331	\$ 122,405	
Top 10 Tax Payers as a % of Total Assessed Value		15.77%	15.23%	14.38%	16.18%	17.05%	
(mry): most recent year							



**Central Peninsula General Hospital**  
**FINANCIAL SUMMARY**

	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
<b>ASSETS</b>					
Capital Assets (net of depreciation)	\$68,368,337	\$67,842,931	\$64,853,893	\$69,429,959	\$71,387,990
Cash	23,561,004	21,700,302	27,803,487	35,197,813	35,508,443
Cash held for Plant Replacement	10,528,599	10,097,241	11,421,461	11,322,729	16,447,887
Restricted Assets	1,241,196	3,584,121	633,493	500,000	500,000
Unspent bond proceeds					31,275,450
Other Assets	18,093,771	19,105,718	29,383,574	29,863,006	36,846,307
Total Assets	<u>121,792,907</u>	<u>122,330,313</u>	<u>134,095,908</u>	<u>146,313,507</u>	<u>191,966,077</u>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	-	-	-	-	32,490,000
GO Bonds Payable	37,920,000	35,990,000	32,255,000	30,130,000	27,905,000
Other Liabilities	14,057,585	10,965,610	18,041,771	18,176,258	20,336,761
Total Liabilities	<u>51,977,585</u>	<u>46,955,610</u>	<u>50,296,771</u>	<u>48,306,258</u>	<u>80,731,761</u>
<b>NET ASSETS</b>	<u>69,815,322</u>	<u>75,374,703</u>	<u>83,799,137</u>	<u>98,007,249</u>	<u>111,234,316</u>
Operating Revenues	88,941,888	101,279,075	116,849,605	123,951,269	126,713,712
Operating Expenses	78,326,691	86,771,449	99,255,770	102,247,165	104,364,018
Depreciation	8,381,029	8,056,595	8,004,562	7,959,305	8,066,688
<b>Operating Income (Loss)</b>	<u>2,234,168</u>	<u>6,451,031</u>	<u>9,589,273</u>	<u>13,744,799</u>	<u>14,283,006</u>
Non-Operating Revenue (Expense)	<u>249,199</u>	<u>(1,105,595)</u>	<u>(808,253)</u>	<u>(1,541,657)</u>	<u>(1,070,583)</u>
Net Income (Loss) Before Contribution	2,483,367	5,345,436	8,781,020	12,203,142	13,212,423
Capital Contributions	176,391	212,945	52,843	2,004,970	14,644
Change in Net Assets	<u>2,659,758</u>	<u>5,558,381</u>	<u>8,833,863</u>	<u>14,208,112</u>	<u>13,227,067</u>

CITY AND BOROUGH OF SITKA GENERAL OBLIGATION FINANCIAL SUMMARY						
Municipal Financial Position	2010	2011	2012	2013	2014	Average
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
Municipal Levy	\$5,768,331	\$5,799,400	\$5,904,617	\$5,957,735	\$5,901,738	\$5,844,470
Current Year's Collections	\$5,735,962	\$5,753,039	\$5,874,918	\$5,893,452	\$5,842,721	\$5,798,187
Current Collection Rate	99.44%	99.20%	99.50%	98.92%	99.00%	99.21%
Total Year's Collections	\$5,801,822	\$5,807,869	\$5,909,321	\$5,893,452	\$5,842,721	\$5,833,551
Total Collection Rate	100.58%	100.15%	100.08%	98.92%	99.00%	99.82%
<b>General Fund</b>						
Unreserved Ending Fund Balance	\$ 8,853,936	\$ 11,508,475	\$ 13,584,873	\$ 14,268,394	\$ 15,996,580	\$ 11,900,919
Expenditures	\$ 23,597,203	\$ 23,260,649	\$ 24,075,729	\$ 23,691,912	\$ 23,628,379	\$ 23,678,555
Fund Balance/Expenditures	38%	49%	56%	60%	68%	50.26%
Total Revenues	\$ 24,882,306	\$ 24,709,916	\$ 26,584,728	\$ 25,953,885	\$ 26,507,173	\$ 25,760,552
Intergovernmental Revenues	\$ 2,219,501	\$ 2,380,298	\$ 2,659,323	\$ 2,693,860	\$ 2,771,990	\$ 2,519,688
Percentage Intergovernmental	9%	10%	10%	10%	10%	9.77%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Enterprise Funds	\$ 48,467,078	\$ 68,807,401	\$ 68,593,411	\$ 106,145,822	\$ 108,940,000	
Revenue Debt - Governmental Funds	\$ 175,500	\$ 165,750	\$ 156,000	\$ 146,250	\$ 202,641	
General Obligation Debt - Governmental Funds	\$ 32,550,000	\$ 36,300,000	\$ 32,290,000	\$ 31,020,000	\$ 28,635,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 32,550,000	\$ 36,300,000	\$ 32,290,000	\$ 31,020,000	\$ 28,635,000	
Total Revenue and General Obligation Debt	\$ 81,192,578	\$ 105,273,151	\$ 101,039,411	\$ 137,312,072	\$ 137,777,641	
Governmental GO Debt/Taxable Assessed Value	3.42%	3.69%	3.26%	3.10%	2.91%	
Total Revenue and GO Debt/A.V.	8.52%	10.69%	10.20%	13.72%	14.01%	
General Obligation Debt Per Capita	\$3,665	\$4,138	\$3,607	\$3,415	\$3,152	
Total Revenue and GO Debt Per Capita	\$9,142	\$12,000	\$11,287	\$15,116	\$15,167	
<b>General Economic and Demographic Data</b>	2010	2011	2012	2013	2014	Annual Growth Rate
Population	8,881	8,773	8,952	9,084	9,084	1.47%
Taxable Assessed Value	\$ 953,574,685	\$ 985,073,129	\$ 990,930,238	\$ 1,001,066,784	\$ 983,623,000	0.59%
Assessed Value Per Capita	\$ 107,372	\$ 112,285	\$ 110,694	\$ 110,201	\$ 108,281	
Top 10 Tax Payers as a % of Assessed Value	8.21%	7.64%	7.57%	7.57%	7.57%	

City and Borough of Sitka Electric Enterprise Fund Financial Summary					
	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
<b>Assets</b>					
Cash	8,868,159	24,320,421	31,450,650	28,803,187	13,505,669
Restricted Assets	7,149,277	6,871,164	3,595,875	21,197,459	18,121,955
Other Assets	4,256,023	5,010,167	7,266,275	13,897,615	11,777,153
Construction in Progress	5,555,467	11,646,987	18,086,724	58,930,539	137,885,040
Utility Plant in Service	64,914,833	63,103,150	61,775,003	59,900,343	59,508,277
<b>Total Assets</b>	<b>90,743,759</b>	<b>110,951,889</b>	<b>122,174,527</b>	<b>182,729,143</b>	<b>240,798,094</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Other Liabilities	636,920	1,722,772	2,477,182	6,355,564	13,017,817
Revenue Bonds Payable	28,090,000	48,700,000	47,570,000	79,485,000	105,100,000
Deferred loss/premium on bonds	(815,343)	1,471,509	(1,711,547)	5,943,338	6,742,293
Revenue Note Payable	9,054,598	8,800,188	8,535,498	7,973,608	7,973,608
<b>Total Liabilities</b>	<b>36,966,175</b>	<b>60,694,469</b>	<b>56,871,133</b>	<b>99,757,510</b>	<b>132,833,718</b>
<b>Net Assets</b>	<b>53,777,584</b>	<b>50,257,420</b>	<b>65,303,394</b>	<b>82,971,633</b>	<b>107,964,376</b>
<b>Operating Revenues</b>	<b>10,852,914</b>	<b>11,401,523</b>	<b>11,611,319</b>	<b>12,077,554</b>	<b>14,240,772</b>
<b>Operating Expenses</b>					
Administrative and General	1,699,737	1,739,698	2,003,768	1,975,492	2,860,066
Operation and Maintenance	4,366,115	5,257,342	5,914,895	5,152,028	4,964,074
Depreciation	1,994,177	1,987,558	1,971,739	1,986,195	1,841,712
<b>Operating Income</b>	<b>2,792,885</b>	<b>2,416,925</b>	<b>1,720,917</b>	<b>2,963,839</b>	<b>4,574,920</b>
<b>Nonoperating revenue (expense)</b>					
Investment Income	523,298	490,986	459,107	314,600	196,399
Interest Expense	(2,369,426)	(1,725,198)	(2,848,639)	(1,678,238)	(426,419)
Other	208,962	-	625,748	572,946	812,866
<b>Net Income before contributions and transfers</b>	<b>1,155,719</b>	<b>1,182,713</b>	<b>(42,867)</b>	<b>2,173,147</b>	<b>5,157,766</b>
Capital contributions	2,853,752	4,039,237	5,266,050	17,169,455	19,455,106
Extraordinary Item:					
Net Pension Obligation Relief		119,824	139,806	325,771	379,871
Transfer In (Out) net	(23,898)	-	-	(998,128)	-
<b>Change In Net Assets</b>	<b>3,985,573</b>	<b>5,341,774</b>	<b>5,362,989</b>	<b>18,670,245</b>	<b>24,992,743</b>
Population of City and Borough	8,881	8,773	8,952	9,084	9,098
# of electric customers	5,278	5,282	5,309	5,403	5,490
KwH Sold	108,739,970	111,795,344	111,048,623	111,155,330	111,155,330
Revenue Bond Debt Service	4,108,407	3,477,959	3,467,567	4,529,240	5,045,158
Revenue Bond Coverage (> 1.25)	1.34	1.41	1.43	1.27	1.34

Note: \$1,440,000 transferred into Rate Stabilization Fund in FY2013

Note: Total of rate Stabilization Fund as of June 30, 2013 - \$2,151,000

**CITY AND BOROUGH OF SITKA  
HARBOR ENTERPRISE FUND  
FINANCIAL SUMMARY**

	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
<b>ASSETS</b>					
Plant In-Service (net of depreciation)	15,465,195	14,789,299	14,122,591	13,550,231	13,153,475
Land	90,000	90,000	90,000	90,000	90,000
Construction Work in Progress	317	20,229	57,838	665,476	7,824,365
Cash	3,014,067	3,733,467	4,735,101	6,599,187	6,616,954
Restricted Assets	-	-	-	3,615,663	589,166
Other Assets	987,099	1,342,572	1,339,389	1,216,385	1,524,898
<b>Total Assets</b>	<b>19,556,678</b>	<b>19,975,567</b>	<b>20,344,919</b>	<b>25,736,942</b>	<b>29,798,858</b>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	0	0	0	4,569,486	3,840,000
Other Liabilities	1,500,637	1,405,227	1,156,003	1,144,138	1,689,033
<b>Total Liabilities</b>	<b>1,500,637</b>	<b>1,405,227</b>	<b>1,156,003</b>	<b>5,713,624</b>	<b>5,529,033</b>
<b>NET ASSETS</b>	<b>18,056,041</b>	<b>18,570,340</b>	<b>19,188,916</b>	<b>20,023,318</b>	<b>24,269,825</b>
Operating Revenues	3,040,330	2,854,858	3,154,885	3,096,419	3,164,252
Operation and Maintenance	2,133,877	2,492,110	2,434,329	1,708,210	2,454,599
Administrative and General	-	-	-	-	-
Depreciation	799,254	899,956	986,619	668,511	666,074
<b>Operating Income (Loss)</b>	<b>107,199</b>	<b>(537,208)</b>	<b>(266,063)</b>	<b>719,698</b>	<b>43,579</b>
Non-Operating Revenue (Expense)	(183,181)	46,509	155,306	156,844	776,434
<b>Net Income (Loss) Before Contribution</b>	<b>(75,982)</b>	<b>(490,699)</b>	<b>(110,757)</b>	<b>876,542</b>	<b>820,013</b>
Capital Contributions	242,186	1,690,873	2,549,949	0	3,458,599
Net Transfers-In (Out)	400,000	3,804,600	675,000	(42,141)	(32,105)
Special item - NPO/OPEB write off	-	-	-	-	-
<b>Change in Net Assets</b>	<b>566,204</b>	<b>5,004,774</b>	<b>3,114,192</b>	<b>834,401</b>	<b>4,246,507</b>
 Population of City	 8,881	 8,773	 8,952	 9,084	 9,098
Revenue Bond Coverage	No Harbor Bonds	No Harbor Bonds	No Harbor Bonds	No payments of P&I	5.16

**CITY OF KETCHIKAN**  
**GENERAL OBLIGATION FINANCIAL SUMMARY**

<b>Municipal Financial Position</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Average</b>
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$6.10	\$6.10	\$6.20	\$6.20	\$6.70	\$6.26
Municipal Levy	\$4,868,459	\$4,885,779	\$4,621,143	\$4,648,128	\$5,344,326	\$4,873,567.00
Current Year's Collections	\$4,794,074	\$4,689,396	\$4,565,367	\$4,590,563	\$5,276,616	\$4,783,203.20
Current Collection Rate	98.47%	95.98%	98.79%	98.76%	98.73%	98.15%
Total Year's Collections	\$4,844,090	\$4,689,396	\$4,565,367	\$4,590,563	\$5,276,616	\$4,793,206.40
Total Collection Rate	99.50%	95.98%	98.79%	98.76%	98.73%	98.35%
<b>General Fund</b>						
Unreserved Ending Fund Balance	\$ 4,649,409	\$ 5,101,448	\$ 5,295,406	\$ 4,285,383	\$ 4,074,588	\$4,681,247
Expenditures	\$ 18,084,246	\$ 17,159,791	\$ 18,527,140	\$ 19,657,738	\$ 19,509,987	\$18,587,780
Fund Balance/Expenditures	26%	30%	29%	22%	21%	25%
Total Revenues	\$ 14,019,651	\$ 13,886,302	\$ 15,007,571	\$ 14,949,242	\$ 15,646,387	\$14,701,831
Intergovernmental Revenues	\$ 1,348,409	\$ 1,233,173	\$ 1,820,575	\$ 1,644,256	\$ 1,695,138	\$1,548,310
Percentage Intergovernmental	10%	9%	12%	11%	11%	10%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Enterprise Funds	\$ 57,411,354	\$ 56,995,549	\$ 54,828,636	\$ 52,028,061	\$ 64,183,054	
Revenue Debt - Governmental Funds	\$ -	\$ -	\$ -			
General Obligation Debt - Governmental Funds	\$ 5,682,565	\$ 12,280,863	\$ 11,452,328	\$ 15,726,032	\$ 14,535,682	
General Obligation Debt - Enterprise Funds	\$ 1,935,458	\$ 4,942,967	\$ 5,100,222	\$ 5,006,445	\$ 2,763,776	
Total General Obligation Debt	\$ 7,618,023	\$ 17,223,830	\$ 16,552,550	\$ 20,732,477	\$ 17,299,458	
Total Revenue and General Obligation Debt	\$ 65,029,377	\$ 74,219,379	\$ 71,381,186	\$ 72,760,538	\$ 81,482,512	
Governmental GO Debt/ Assessed Value (mry)	0.71%	1.53%	1.43%	1.95%	1.70%	
Enterprise GO Debt / Assessed Value (mry)	0.24%	0.62%	0.64%	0.62%	0.32%	
Total General Obligation Debt/A.V. (mry)	0.95%	2.15%	2.07%	2.56%	2.02%	
Total Revenue and GO Debt/A.V. (mry)	8.15%	9.27%	8.91%	9.00%	9.50%	
General Obligation Debt Per Capita	\$1,015	\$2,140	\$2,033	\$2,501	\$2,081	
Total Revenue and GO Debt Per Capita	\$8,667	\$9,220	\$8,767	\$8,776	\$9,802	
<b>General Economic and Demographic Data</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Annual Growth Rate</b>
Population	7,503	8,050	8,142	8,291	8,313	0.27%
Assessed Value	\$ 798,108,100	\$ 800,947,400	\$ 801,175,000	\$ 808,516,900	\$ 857,398,200	6.05%
Assessed Value Per Capita	\$ 106,372	\$ 99,497	\$ 98,400	\$ 97,517	\$ 103,139	
Top 10 Tax Payers as a % of Total Assessed Value	8.73%	10.57%	10.39%	10.42%	11.92%	

(mry): most recent year

**CITY OF KETCHIKAN**  
**KETCHIKAN PUBLIC UTILITIES ENTERPRISE FUND**  
**FINANCIAL SUMMARY**

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited
<b>ASSETS</b>					
Utility Plan In-Service	\$69,718,266	\$67,177,925	\$69,018,328	\$83,919,407	\$83,919,407
Construction Work in Progress	8,017,706	14,788,563	17,131,918	8,123,495	8,123,495
Cash	13,958,674	12,566,005	13,845,368	16,767,889	16,767,889
Restricted Assets	4,062,167	3,050,592	2,963,566	2,695,085	2,695,085
Other Assets	8,686,219	12,118,366	11,991,790	6,159,953	6,159,953
<b>Total Assets</b>	<b>104,443,032</b>	<b>109,701,451</b>	<b>114,950,970</b>	<b>117,665,829</b>	<b>117,665,829</b>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	19,902,223	20,233,232	18,884,282	16,602,060	16,602,060
Other Liabilities	4,045,215	3,983,215	4,847,079	5,443,636	5,443,636
<b>Total Liabilities</b>	<b>23,947,438</b>	<b>24,216,447</b>	<b>23,731,361</b>	<b>22,045,696</b>	<b>22,045,696</b>
<b>NET ASSETS</b>	<b>80,495,594</b>	<b>85,485,004</b>	<b>91,219,609</b>	<b>95,620,133</b>	<b>95,620,133</b>
Operating Revenues	33,310,537	32,975,154	34,172,941	34,802,748	34,802,748
Operation and Maintenance	20,861,336	19,060,639	19,997,855	21,992,642	21,992,642
Administrative and General	6,034,476	5,603,405	6,097,427	5,408,961	5,408,961
Depreciation	6,086,514	5,932,099	5,892,449	6,872,767	6,872,767
Payment in Lieu of Taxes					
<b>Operating Income (Loss)</b>	<b>328,211</b>	<b>2,379,011</b>	<b>2,185,210</b>	<b>528,378</b>	<b>528,378</b>
Non-Operating Revenue (Expense)	(402,557)	(479,652)	(363,607)	(416,621)	(416,621)
<b>Net Income (Loss) Before Contribution</b>	<b>(74,346)</b>	<b>1,899,359</b>	<b>1,821,603</b>	<b>111,757</b>	<b>111,757</b>
Contributions	2,085,231	3,818,051	4,641,002	5,016,767	5,016,767
Special Item					
Transfer of Net Assets - Swan					
Lake -Lake Tyee Intertie Project					
Transfer - Payment In Lieu of Taxes **	(675,000)	(728,000)	(728,000)	(728,000)	(728,000)
<b>Change in Net Assets</b>	<b>1,335,885</b>	<b>4,989,410</b>	<b>5,734,605</b>	<b>4,400,524</b>	<b>4,400,524</b>
Population of Service Area	12,984	13,477	12,984	13,477	13,477
Population of City	7,503	8,050	7,503	8,050	8,050
# of Electric Customers	7,365	7,418	7,365	7,418	7,418
# of Telephone Access Lines	7,467	6,994	7,467	6,994	6,994
# of Water Customers	3,217	3,207	3,217	3,207	3,207
Revenue Bond Coverage	2.30	2.80	2.30	2.80	2.80

\* Water is only provided within the City

\*\* Change in accounting standards payment in lieu of tax must be reported as a transfer

**CITY OF KETCHIKAN  
PORT FINANCIAL SUMMARY**

	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2012 Restated	2013 Audited
<b>ASSETS</b>						
Cash	\$4,827,125	\$4,364,226	\$2,373,808	\$2,285,517	\$2,285,517	2,900,167
Port Facilities (net)	44,947,620	43,642,947	42,020,640	47,766,776	47,766,776	53,490,542
Construction Work in Progress	963,018	1,116,782	5,531,746	5,066,048	5,066,048	5,449,151
Restricted Assets	4,819,708	5,307,521	5,623,924	6,082,097	6,082,097	6,595,730
Other Assets	1,730,443	1,281,312	3,670,192	4,518,553	4,236,551	4,140,133
Total Assets	<u>57,287,914</u>	<u>55,712,788</u>	<u>59,220,310</u>	<u>65,718,991</u>	<u>65,436,989</u>	<u>72,575,723</u>
<b>LIABILITIES AND NET ASSETS</b>						
General Obligation Bonds Payable	1,035,000	795,000	540,000	270,000	270,000	0
Revenue Bonds Payable	36,540,000	35,830,000	35,090,000	34,315,000	34,315,000	33,505,000
Other Liabilities	3,147,957	3,134,814	2,847,180	1,072,313	1,072,313	1,699,380
Total Liabilities	<u>40,722,957</u>	<u>39,759,814</u>	<u>38,477,180</u>	<u>35,657,313</u>	<u>35,657,313</u>	<u>35,204,380</u>
<b>NET ASSETS</b>	<u>16,564,957</u>	<u>15,952,974</u>	<u>20,743,130</u>	<u>30,061,678</u>	<u>29,779,676</u>	<u>37,371,343</u>
Operating Revenues	8,922,228	8,000,492	7,986,404	8,592,255	8,592,255	9,145,920
Operation and Maintenance	5,368,009	5,319,252	3,957,909	3,884,156	3,888,525	4,416,473
Depreciation	1,460,265	1,446,527	1,401,754	1,359,513	1,359,513	1,636,863
Property Taxes	154,041	167,219	152,762	142,575	142,575	165,627
Payment in Lieu of Taxes **						
<b>Operating Income (Loss)</b>	<u>1,939,913</u>	<u>1,067,494</u>	<u>2,473,979</u>	<u>3,206,011</u>	<u>3,201,642</u>	<u>2,926,957</u>
Non-Operating Revenue (Expense)	<u>(1,718,248)</u>	<u>(1,903,421)</u>	<u>(2,043,804)</u>	<u>201,299</u>	<u>223,562</u>	<u>(912,634)</u>
Net Income (Loss) Before Contribution	221,665	(835,927)	430,175	3,407,310	3,425,204	2,014,323
Contributions and Capital Grants	905,943	518,944	4,654,981	6,214,416	6,214,416	8,676,543
Extraordinary Item						
Special Item	-	-	-	-	-	-
Transfers	-	-	-	(8,178)	(8,178)	(80,199)
Transfer - Payment in Lieu of Taxes **	(290,000)	(295,000)	(295,000)	(295,000)	(295,000)	(319,000)
Change in Net Assets	<u>837,608</u>	<u>(611,983)</u>	<u>4,790,156</u>	<u>9,318,548</u>	<u>9,336,442</u>	<u>10,291,667</u>
1.25 x Annual Debt Service	2.45	2.00	2.24	3.36	3.36	3.00
1.0 x Annual Debt Service/Reserves Account/Repair and Replacement Fund/SPH Lease Payments	1.13	0.99	1.16	1.67	1.67	1.41
<b>* Unaudited</b>						
# of Ships	36	26	28	34	34	38
# of Calls/Stops	496	429	426	467	462	453
# of Water Passengers	937,419	828,929	830,547	885,799	885,799	938,124

\* Reflects statistical information provided by the Ketchikan Visitors Bureau

\*\* Beginning in 2005, change in accounting standards required payment in lieu of taxes to be reported as transfers.

**CITY AND BOROUGH OF JUNEAU**  
**FINANCIAL SUMMARY**  
**General Governmental Fund**

<b>Municipal Financial Position</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Average</b>
<b>Property Tax Collections</b>						
Borrower's Property Tax Rate per \$1,000	\$10.60	\$10.51	\$10.55	\$10.55	\$10.66	\$10.57
Municipal Levy	\$41,048,853	\$40,739,944	\$41,751,673	\$44,252,019	\$44,965,923	\$42,551,682
Current Year's Collections	\$40,691,450	\$40,329,083	\$41,431,682	\$43,987,108	\$44,818,184	\$42,251,501
Current Collection Rate	99.13%	98.99%	99.23%	99.40%	99.67%	99.29%
Total Year's Collections	\$40,879,741	\$40,501,293	\$41,455,145	\$43,987,108	\$44,818,184	\$42,328,294
Total Collection Rate	99.59%	99.41%	99.29%	99.40%	99.67%	99.47%
<b>General Fund</b>						
Unassigned Plus Emergency Operating Res (GASB#54)	\$ 5,714,731	\$ 1,729,385	\$ 3,484,161	\$ 4,374,670	\$ 13,844,723	\$ 5,829,534
Expenditures	\$ 49,158,125	\$ 50,540,314	\$ 51,283,781	\$ 50,497,977	\$ 53,053,117	\$ 50,906,663
Fund Balance/Expenditures	11.63%	3.42%	6.79%	8.66%	26.10%	11.32%
Total Revenues	\$ 66,541,842	\$ 66,008,466	\$ 50,036,584	\$ 52,089,033	\$ 65,370,513	\$ 60,009,288
Intergovernmental Revenues	\$ 12,389,683	\$ 14,313,000	\$ 15,464,700	\$ 15,281,700	\$ 29,140,692	\$ 17,317,955
Percentage Intergovernmental	19%	22%	31%	29%	45%	29.03%
<b>Overall Municipal Debt Position</b>						
Revenue Debt - Enterprise Funds	\$ 46,370,845	\$ 45,208,341	\$ 43,679,682	\$ 41,906,067	\$ 40,090,908	
Revenue Debt - Governmental Funds	\$ 2,718,662	\$ 3,599,575	\$ 2,861,747	\$ 2,091,457	\$ 6,807,086	
General Obligation Debt - Governmental Funds	\$ 156,356,000	\$ 148,301,000	\$ 133,446,000	\$ 131,385,000	\$ 122,068,000	
General Obligation Debt - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Obligation Debt	\$ 156,356,000	\$ 148,301,000	\$ 133,446,000	\$ 131,385,000	\$ 122,068,000	
Total Revenue and General Obligation Debt	\$ 205,445,507	\$ 197,108,916	\$ 179,987,429	\$ 175,382,524	\$ 168,965,994	
Governmental GO Debt/Taxable Assessed Value	3.98%	3.72%	3.28%	3.07%	2.79%	
Total Revenue and GO Debt/A.V.	5.22%	4.94%	4.42%	4.10%	3.86%	
General Obligation Debt Per Capita	\$4,999	\$4,742	\$4,113	\$4,023	\$3,692	
Total Revenue and GO Debt Per Capita	\$6,569	\$6,302	\$5,548	\$5,370	\$5,110	
<b>General Economic and Demographic Data</b>						
Population	31,275	31,275	32,441	32,660	33,064	1.24%
Taxable Assessed Value	\$ 3,933,364,442	\$ 3,989,344,944	\$ 4,071,713,732	\$ 4,275,067,217	\$ 4,379,714,933	2.45%
Assessed Value Per Capita	\$ 125,767	\$ 127,557	\$ 125,511	\$ 130,896	\$ 132,462	
Top 10 Tax Payers as a % of Assessed Value	10.52%	13.78%	13.73%	13.82%	13.61%	



**CITY AND BOROUGH OF JUNEAU  
HARBOR ENTERPRISE FUND  
FINANCIAL SUMMARY**

	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
<b>ASSETS</b>					
Plant In-Service (net of depreciation)	\$11,923,364	\$13,827,335	\$12,844,129	\$11,875,368	\$14,325,870
Construction Work in Progress	29,935,711	29,889,294	33,499,769	42,397,974	40,419,697
Cash	4,470,053	4,728,522	4,660,755	3,466,374	4,030,992
Restricted Assets	7,588,584	10,702,703	11,196,479	10,946,328	10,554,614
Other Assets	866,059	764,741	847,869	543,407	679,907
<b>Total Assets</b>	<b>54,783,771</b>	<b>59,912,595</b>	<b>63,049,001</b>	<b>69,229,451</b>	<b>70,011,080</b>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	9,960,000	9,700,000	9,691,595	9,380,434	9,033,637
Other Liabilities	1,726,240	2,110,290	2,140,909	1,401,365	2,050,500
<b>Total Liabilities</b>	<b>11,686,240</b>	<b>11,810,290</b>	<b>11,832,504</b>	<b>10,781,799</b>	<b>11,084,137</b>
<b>NET ASSETS</b>	<b>43,097,531</b>	<b>48,102,305</b>	<b>51,216,497</b>	<b>58,447,652</b>	<b>58,926,943</b>
Operating Revenues	3,040,330	2,854,858	3,154,885	3,173,272	3,508,430
Operation and Maintenance	2,133,877	2,492,110	2,434,329	2,498,178	2,814,717
Administrative and General	-	-	-	-	-
Depreciation	799,254	899,956	986,619	968,761	1,003,707
<b>Operating Income (Loss)</b>	<b>107,199</b>	<b>(537,208)</b>	<b>(266,063)</b>	<b>(293,667)</b>	<b>(309,994)</b>
Non-Operating Revenue (Expense)	(183,181)	46,509	155,306	(214,686)	128,433
<b>Net Income (Loss) Before Contribution</b>	<b>(75,982)</b>	<b>(490,699)</b>	<b>(110,757)</b>	<b>(508,353)</b>	<b>(181,561)</b>
Capital Contributions	242,186	1,690,873	2,549,949	7,392,466	660,852
Net Transfers-In (Out)	400,000	3,804,600	675,000	500,000	0
Special item - NPO/OPEB write off	-	-	-	-	-
<b>Change in Net Assets</b>	<b>566,204</b>	<b>5,004,774</b>	<b>3,114,192</b>	<b>7,384,113</b>	<b>479,291</b>
Population of City	31,275	31,275	32,441	32,660	33,064
Revenue Bond Coverage	2.18	1.19	1.79	1.21	1.67

**CITY AND BOROUGH OF JUNEAU  
PORT DEVELOPMENT SPECIAL REVENUE FUND  
FINANCIAL SUMMARY**

	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
<b>ASSETS</b>					
Plant In-Service (net of depreciation)					
Construction Work in Progress					
Cash	3,414,679	4,428,233	(208,085)	(252,013)	71,012
Restricted Assets				-	-
Other Assets	273,317	314,814	269,712	484,639	294,257
<b>Total Assets</b>	<b>3,687,996</b>	<b>4,743,047</b>	<b>61,627</b>	<b>232,626</b>	<b>365,269</b>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	-	-	-	-	-
Other Liabilities	-	-	-	151,020	349,585
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,020</b>	<b>349,585</b>
<b>NET ASSETS</b>	<b>3,687,996</b>	<b>4,743,047</b>	<b>61,627</b>	<b>81,606</b>	<b>15,684</b>
Operating Revenues	2,856,882	2,557,851	2,634,080	2,825,479	2,864,578
Operation and Maintenance	4,500	2,800	5,500	5,500	5,500
Administrative and General	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Operating Income (Loss)</b>	<b>2,852,382</b>	<b>2,555,051</b>	<b>2,628,580</b>	<b>2,819,979</b>	<b>2,859,078</b>
Non-Operating Revenue (Expense)	-	-	-	-	-
<b>Net Income (Loss) Before Contribution</b>	<b>2,852,382</b>	<b>2,555,051</b>	<b>2,628,580</b>	<b>2,819,979</b>	<b>2,859,078</b>
Capital Contributions	-	-	-	-	-
Net Transfers-In (Out)	(1,750,000)	(1,500,000)	(7,310,000)	(2,800,000)	(2,925,000)
<b>Change in Net Assets</b>	<b>1,102,382</b>	<b>1,055,051</b>	<b>(4,681,420)</b>	<b>19,979</b>	<b>(65,922)</b>
Population of City	31,275	31,275	32,441	32,660	33,064
Revenue Bond Coverage	N/A	N/A	N/A	N/A	N/A

**City and Borough of Juneau**  
**Conduit Debt**  
**WILDFLOWER COURT (A not for profit organization)**  
**FINANCIAL SUMMARY**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>	<u>Audited</u>
<b>ASSETS</b>					
Plant In-Service	5,674,338	4,909,305	4,620,999	4,734,678	3,771,100
Cash	1,255,867	1,582,128	1,752,043	1,437,085	1,970,693
Restricted Assets	1,735,178	1,707,402	2,170,928	1,489,365	1,450,054
Other Assets	1,312,915	1,399,517	1,444,749	1,786,787	1,267,699
Total Assets	<u>9,978,298</u>	<u>9,598,352</u>	<u>9,988,719</u>	<u>9,447,915</u>	<u>8,459,546</u>
<b>LIABILITIES AND NET ASSETS</b>					
Bond Debt	13,650,000	13,050,000	11,705,000	11,596,229	10,204,712
Other Liabilities	<u>878,190</u>	<u>904,428</u>	<u>2,052,663</u>	<u>1,132,323</u>	<u>996,579</u>
Total Liabilities	<u>14,528,190</u>	<u>13,954,428</u>	<u>13,757,663</u>	<u>12,728,552</u>	<u>11,201,291</u>
<b>NET ASSETS (DEFICIT)</b>	<u>(4,549,892)</u>	<u>(4,356,076)</u>	<u>(3,768,944)</u>	<u>3,280,637</u>	<u>(2,741,745)</u>
Operating Revenues	10,361,609	10,859,195	10,841,324	11,057,791	11,447,862
Operating Expenses	9,802,944	9,894,353	9,594,317	9,666,530	9,961,681
Depreciation	<u>937,147</u>	<u>832,579</u>	<u>780,765</u>	<u>935,669</u>	<u>1,008,253</u>
<b>Operating Income (Loss)</b>	<u>(378,482)</u>	<u>132,263</u>	<u>466,243</u>	<u>455,592</u>	<u>477,928</u>
Non-Operating Revenue (Expense)	<u>27,924</u>	<u>61,553</u>	<u>120,890</u>	<u>32,713</u>	<u>60,964</u>
Change in Net Assets	(350,558)	193,816	587,132	488,305	538,892
<b>Revenue Bond Coverage</b>	1.01	1.33	1.32	1.12	1.10

The Bond Bank has received notification from senior management of Wildflower Court that for calendar year 2013 and 2014 Wildflower Court fell short of the required debt service coverage ratio of 1.15 times. Per section 5.1(b) of the loan agreement between the City and Borough of Juneau and Wildflower Court, Wildflower Court is working with the City and Borough to identify measures to return the facility to compliance with the debt service coverage requirement of the loan agreement.

**CITY AND BOROUGH OF JUNEAU  
BARTLETT REGIONAL HOSPITAL  
FINANCIAL SUMMARY**

	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Audited
<b>ASSETS</b>					
Plant In-Service (net of depreciation)	\$74,736,663	\$72,772,410	\$74,566,327	\$74,002,798	\$69,208,456
Construction Work in Progress	3,126,611	6,866,781	6,202,224	2,826,314	228,425
Cash	18,036,202	14,990,308	17,386,169	26,113,833	38,596,921
Restricted Assets	8,555,051	10,160,114	6,549,498	5,490,768	5,327,673
Other Assets	20,549,937	23,011,263	23,462,113	25,230,206	20,528,164
<b>Total Assets</b>	<b>125,004,464</b>	<b>127,800,876</b>	<b>128,166,331</b>	<b>133,663,919</b>	<b>133,889,639</b>
<b>LIABILITIES AND NET ASSETS</b>					
Revenue Bonds Payable	26,165,000	25,570,000	24,926,795	25,304,679	24,346,618
Other Liabilities	11,066,147	11,391,053	8,999,867	8,829,067	11,033,875
<b>Total Liabilities</b>	<b>37,231,147</b>	<b>36,961,053</b>	<b>33,926,662</b>	<b>34,133,746</b>	<b>35,380,493</b>
<b>NET ASSETS</b>	<b>87,773,317</b>	<b>90,839,823</b>	<b>94,239,669</b>	<b>99,530,173</b>	<b>98,509,146</b>
Operating Revenues	82,640,681	90,680,836	95,026,373	84,250,207	80,198,274
Operation and Maintenance	72,975,632	83,883,389	89,411,913	76,967,444	78,820,476
Administrative and General	-	-	-	-	-
Depreciation	6,270,565	6,552,177	7,145,290	7,001,295	7,086,559
<b>Operating Income (Loss)</b>	<b>3,394,484</b>	<b>245,270</b>	<b>(1,530,830)</b>	<b>281,468</b>	<b>(5,708,761)</b>
Non-Operating Revenue (Expense)	911,555	1,579,634	3,306,366	4,119,820	3,610,234
Net Income (Loss) Before Contribution	4,306,039	1,824,904	1,775,536	4,401,288	(2,098,527)
Capital Contributions	536,697	89,002	471,910	134,658	0
Net Transfers-In (Out)	1,146,000	1,152,600	1,152,400	1,123,000	1,077,500
Special item - NPO/OPEB write off	-	-	-	-	-
<b>Change in Net Assets</b>	<b>5,988,736</b>	<b>3,066,506</b>	<b>3,399,846</b>	<b>5,658,946</b>	<b>(1,021,027)</b>
Population of City	31,275	31,275	32,441	32,660	33,064
Revenue Bond Coverage	5.15	3.63	3.00	7.34	2.50

## **APPENDIX E**

Financial Statements of the  
Alaska Municipal Bond Bank  
for the Year Ended June 30, 2015

## **APPENDIX F**

### 2005 General Obligation Bond Resolution

## **APPENDIX G**

Proposed Form of Continuing Disclosure Certificate

## **APPENDIX H**

### **DTC and Book-Entry System**



## **DTC AND BOOK-ENTRY SYSTEM**

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2016 Series One Bonds. The 2016 Series One Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2016 Series One Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from Standard & Poor's of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of 2016 Series One Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Series One Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Series One Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Series One Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Series One Bonds, except in the event that use of the book-entry system for the 2016 Series One Bonds is discontinued.

4. To facilitate subsequent transfers, all 2016 Series One Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2016 Series One Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Series One Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Series One Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016 Series One Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Series One Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Series One Bond documents. For example, Beneficial Owners of 2016 Series One Bonds may wish to ascertain that the nominee holding the 2016 Series One Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the 2016 Series One Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Series One Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2016 Series One Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the 2016 Series One Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Bank or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the 2016 Series One Bonds at any time by giving reasonable notice to the Bond Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Series One Bond certificates are required to be printed and delivered.

10. The Bond Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016 Series One Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

*Alaska Municipal Bond Bank*  
*General Obligation (2005 Resolution) 2016 Series One*  
*Financing Schedule*

DECEMBER						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

JANUARY						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

Key to Participants:

AMBB = Alaska Municipal Bond Bank

FA = Financial Advisor (Western Financial Group)

BC = Bond Counsel

UND = TBD

WG = Working Group (All of the Above)

Wed-Dec-2-15	Distribute draft financing schedule	FA
Wed-Dec-2-15	Distribute 1st draft of POS	FA
Fri-Dec-4-15	Comments on 1st draft of POS	WG
Tue-Dec-8-15	Distribute 2nd draft of POS to WG, 1st Draft of Bond Resolution	FA, BC
Tue-Dec-8-15	Distribute POS, Bond Resolution, Loan Summary to rating agencies	FA
Wed-Dec-9-15	Comments on 1st draft of Bond Resolution	WG
Thu-Dec-10-15	Distribute POS, Bond Resolution, Loan Summaries to AMBB for Board Packet	FA, BC
Thu-Dec-10-15	Comments on 2nd draft of POS, Bond Resolution	WG
<b>Tue-Dec-15-15</b>	<b>AMBB Board Meeting to approve Resolution</b>	<b>WG</b>
Wed-Dec-16-15	Distribute 3rd draft of POS to WG	FA
<b>Thu-Dec-17-15</b>	<b>Rating agency presentations</b>	<b>AMBB, FA</b>
<b>Fri-Dec-25-15</b>	<b>Christmas Holiday</b>	
Tue-Dec-29-15	Comments due on 3rd draft of POS	WG
<b>Fri-Jan-1-16</b>	<b>New Year's Day</b>	
Mon-Jan-4-16	Receive ratings	AMBB, FA
Mon-Jan-4-16	Post POS to internet	FA
<b>Wed-Jan-20-16</b>	<b>Bond Sale</b>	<b>AMBB, FA</b>
Fri-Jan-22-16	Distribute draft Final OS	FA
Mon-Jan-25-16	Comments due on Final OS, deliver Final OS to printer	WG
Mon-Jan-25-16	Transcript preparation begins	BC
Tue-Jan-26-16	Closing documents distributed to WG	BC
<b>Mon-Feb-1-16</b>	<b>PRE-CLOSING IN SEATTLE</b>	<b>WG</b>
<b>Tue-Feb-2-16</b>	<b>CLOSING IN SEATTLE</b>	<b>WG</b>

**Alaska Municipal Bond Bank**  
**General Obligation Refunding Bonds**  
**2016 Series One**  
**Distribution List**

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**Alaska Municipal Bond Bank  
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2016 Series One  
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**ALASKA MUNICIPAL BOND BANK AUTHORITY**  
(a Component Unit of the State of Alaska)

Financial Statements

For the Year Ended June 30, 2015

Together with Independent Auditor's Report Thereon

**ALASKA MUNICIPAL BOND BANK AUTHORITY**  
(a Component Unit of the State of Alaska)

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# **ALASKA MUNICIPAL BOND BANK AUTHORITY**

(a Component Unit of the State of Alaska)

## *Management's Discussion and Analysis*

Year Ended June 30, 2015

This Management's Discussion and Analysis (MD&A) is required by GASB Statement 34, a standard established by the Governmental Accounting Standards Board. This section is intended to make the financial statements more understandable to the average reader who is not familiar with traditional accounting terminology.

This financial report has two integral parts: this MD&A and the financial statements with the accompanying notes that follow. Together, they present the Alaska Municipal Bond Bank Authority's (Bond Bank) financial performance during the fiscal year ended June 30, 2015. Summarized prior fiscal year information is shown within this MD&A, as needed, for comparative purposes.

### **Required Financial Statements**

GASB 34 requires two types of financial statements: the Statement of Net Position and Governmental Fund Balance Sheets and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Net Position. These statements report financial information about the Bond Bank's activities using accounting principles generally accepted in the United States of America. In addition to the basic financial statements, the Notes to Financial Statements provide information that is essential to a full understanding of the data provided in the basic financial statements.

### **Financial Highlights**

During fiscal year 2015, the Bond Bank entered into 11 municipal loan agreements for construction projects in 7 communities. The Bond Bank issued \$175.6 million in bonds and had one \$3.2 million direct loan, which resulted in \$81.9 million in loans to communities for new capital projects, and included \$118.0 million used to refinance 25 community loans for savings. Bond Bank bond activity in fiscal year 2015 resulted in present value savings of approximately \$17.1 million to the borrowing communities. In comparison, the Bond Bank's activity level in fiscal year 2014 was an issuance of \$178.5 million, resulting in \$191.4 million in loans to communities for capital projects. During fiscal year 2014 the Bond Bank entered into 9 municipal loan agreements for new capital projects in 7 communities. The Bond Bank's community benefit for fiscal year 2014 was present value savings of approximately \$12.7 million to the borrowing communities.

### **Statement of Net Position**

The Statement of Net Position reports assets, liabilities and net position of the Bond Bank.

#### **Assets**

Assets represent 1) The value of the Bond Bank's investments and investment income receivable on the financial statement dates, recorded at fair market value, and 2) Bond principal and interest payments receivable from municipalities. The investments generate income for the Bond Bank, used to meet reserve requirements and pay operating costs. Historically excess operating account earnings were transferred to the State of Alaska's (State) general fund each year. The fiscal year ending June 30, 2015 marked the eighth consecutive year that the State operating budget has appropriated any excess earnings of the operating account to the Bond Bank's reserve fund (HB 72, Sec. 25). Interest received on bonds purchased from municipalities is used to pay the Bond Bank's corresponding interest payments on the bonds that it has issued.



**ALASKA MUNICIPAL BOND BANK AUTHORITY**

(a Component Unit of the State of Alaska)

*Management's Discussion and Analysis*

Year Ended June 30, 2015

**Liabilities**

Liabilities represent claims against the fund for 1) goods and services provided before the financial statement date but not yet paid for at that date, and 2) interest and bond payments due to purchasers of the Bond Bank's bonds after the financial statement date.

**Restricted and Unrestricted Net Position**

Net position is comprised of two components. The restricted portion reflects monies maintained in separate trust accounts where their use is limited by applicable bond covenants for repayment of bonds. The unrestricted portion reflects monies that are available for any authorized purpose of the Bond Bank.

The following table shows the value of Bond Bank assets summarized as of June 30, 2015 and 2014, as well as liabilities and net position:

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease) Dollars	Percent
<b>Assets:</b>				
Cash and investments	\$ 72,860,616	\$ 77,969,569	\$ (5,108,953)	-6.55%
Bonds and bond interest receivable	940,576,872	915,839,560	24,737,312	2.70%
Other receivables	75,991	-	75,991	100.00%
Total assets	<u>1,013,513,479</u>	<u>993,809,129</u>	<u>19,704,350</u>	<u>1.98%</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	3,352,177	3,318,954	33,223	1.00%
Bonds and bond interest payable	<u>954,000,573</u>	<u>933,926,183</u>	<u>20,074,390</u>	<u>2.15%</u>
Total liabilities	<u>957,352,750</u>	<u>937,245,137</u>	<u>20,107,613</u>	<u>2.15%</u>
<b>Net Position:</b>				
Restricted	37,473,539	40,270,255	(2,796,716)	-6.94%
Unrestricted	<u>18,687,190</u>	<u>16,293,737</u>	<u>2,393,453</u>	<u>14.69%</u>
Total net position	<u>\$ 56,160,729</u>	<u>\$ 56,563,992</u>	<u>\$ (403,263)</u>	<u>-0.71%</u>

The Bond Bank's investments are all held in U.S. Government securities.

The increase in bonds and bond interest receivable, as well as in bonds and bond interest payable, reflects the issuance of approximately \$175.6 million in new bonds during the year, net of principal payments on bonds previously issued of approximately \$53.1 million. \$81.9 million in new bonds and loans during the year were lent to communities for projects, and \$118.0 million in new bonds were used to refinance community loans for savings. Included in the totals above is a short-term direct loan to the Kenai Peninsula Borough in the amount of \$3.2 million.

**ALASKA MUNICIPAL BOND BANK AUTHORITY**

(a Component Unit of the State of Alaska)

*Management's Discussion and Analysis*

Year Ended June 30, 2015

**Statement of Activities**

The statement of activities shows how the Bond Bank's net position changed during the most recent fiscal year.

Revenues

Revenues include total return on investments and interest payments received from municipalities. Earnings on investments include interest on fixed income marketable securities and the change in fair market value of those investments.

Expenses

Expenses include interest payments made to bond holders who purchased the Bond Bank's bonds, payments made to the State of Alaska and operating expenses. Operating expenses include all expenditures required to issue bonds during the current year and include in-house expenses, as well as external consultant fees. Expenses are subtracted from revenues.

The following is a condensed statement of the Bond Banks' changes in net position as of June 30, 2015, and 2014:

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease) Dollars	Percent
Revenues:				
Interest income on bonds receivable	\$ 44,121,701	\$ 34,752,725	\$ 9,368,976	26.96%
Investment earnings	1,141,876	859,892	281,984	32.79%
Total income	45,263,577	35,612,617	9,650,960	27.10%
Expenses:				
Interest expense on bonds payable	44,962,647	35,606,432	9,356,215	26.28%
Operating expenses	704,193	841,091	(136,898)	-16.28%
Total expenses	45,666,840	36,447,523	9,219,317	25.29%
Change in net position	(403,263)	(834,906)	431,643	51.70%
Net position, beginning of period	56,563,992	57,398,898	(834,906)	-1.45%
Net position, end of period	\$ 56,160,729	\$ 56,563,992	\$ (403,263)	-0.71%

Interest income and expense on bonds receivable and payable are a function of the total amount of bonds outstanding, the age of the bonds and the interest rates at which they are issued. The increases in both of these line items of \$9.4 million (interest income) and \$9.4 million (interest expense) are consistent with the increase in bond receivable and payable balances, respectively.

Investment earnings are a function of market conditions, and active management. The Bond Bank uses other assets to subsidize debt service during times of low investment returns in bond reserve funds. The decrease in net position is primarily due to debt service on reserve obligations.

**ALASKA MUNICIPAL BOND BANK AUTHORITY**

(a Component Unit of the State of Alaska)

*Management's Discussion and Analysis*

Year Ended June 30, 2015

**Governmental Funds**

The governmental funds include the General Fund, which accounts for the primary operations of the Bond Bank, and the Debt Service Fund, which accounts for the resources accumulated and payments made on the long-term debt of the Bond Bank. The primary difference between the governmental funds balance sheet and the statement of net position is the elimination of inter-fund payables and receivables. Bond proceeds are reported as other financing source in the governmental funds statement of revenues and expenses and this contributes to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of debt principal is recorded as expenditure in the governmental funds statement of revenues and expenses and reduces the liability in the statement of net assets.

The following tables show governmental funds' condensed balance sheets and statements of revenues, expenditures and changes in fund balances as of June 30, 2015, and 2014.

**General Fund**

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease) Dollars	Percent
<b>Assets:</b>				
Cash, investments and related				
accrued interest	\$ 14,599,556	\$ 17,775,612	\$ (3,176,056)	-17.87%
Bonds and bond interest receivable	4,922,414	1,836,923	3,085,491	167.97%
Interfund receivable	4,647,774	3,363,749	1,284,025	38.17%
Total assets	<u>24,169,744</u>	<u>22,976,284</u>	<u>1,193,460</u>	<u>5.19%</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	<u>257,400</u>	<u>187,848</u>	<u>69,552</u>	<u>37.03%</u>
<b>Fund Balance:</b>				
Restricted for debt service	4,956,430	4,956,430	-	0.00%
Unassigned	<u>18,955,914</u>	<u>17,832,006</u>	<u>1,123,908</u>	<u>6.30%</u>
Total fund balance	<u>23,912,344</u>	<u>22,788,436</u>	<u>1,123,908</u>	<u>4.93%</u>
Total liabilities and fund balance	<u>\$ 24,169,744</u>	<u>\$ 22,976,284</u>	<u>\$ 1,193,460</u>	<u>5.19%</u>

# ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

## Management's Discussion and Analysis

Year Ended June 30, 2015

### Debt Service Fund

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease) Dollars	Percent
Assets:				
Cash, investments and related				
accrued interest	\$ 58,261,060	\$ 60,193,957	\$ (1,932,897)	-3.21%
Bonds and bond interest receivable	935,654,458	914,002,637	21,651,821	2.37%
Other receivables	75,991	-	75,991	100.00%
Total assets	993,991,509	974,196,594	19,794,915	2.03%
Liabilities:				
Accounts payable and accrued liabilities	3,094,777	3,131,106	(36,329)	-1.16%
Interfund payables	4,647,774	3,363,749	1,284,025	38.17%
Total liabilities	7,742,551	6,494,855	1,247,696	19.21%
Fund Balance:				
Restricted for debt service	986,248,958	967,701,739	18,547,219	1.92%
Total liabilities and fund balance	\$ 993,991,509	\$ 974,196,594	\$ 19,794,915	2.03%

### General Fund

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease) Dollars	Percent
Revenues:				
Interest income	\$ 306,561	\$ 281,398	\$ 25,163	8.94%
Expenditures:				
Operating expenses	704,193	841,091	(136,898)	-16.28%
Excess (deficiency) of revenues				
over expenditures	(397,632)	(559,693)	162,061	28.96%
Other financing sources (uses) - transfers	1,521,540	(5,185,772)	6,707,312	129.34%
Excess (deficiency) of revenues and				
transfers over expenditures	1,123,908	(5,745,465)	6,869,373	119.56%
Fund balance, beginning of period	22,788,436	28,533,901	(5,745,465)	-20.14%
Fund balance, end of period	\$ 23,912,344	\$ 22,788,436	\$ 1,123,908	4.93%

# ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

## Management's Discussion and Analysis

Year Ended June 30, 2015

### Debt Service Fund

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease) Dollars	Percent
Revenues:				
Interest income on bonds receivable	\$ 44,099,543	\$ 34,732,354	\$ 9,367,189	26.97%
Investment earnings	857,473	598,865	258,608	43.18%
Total revenues	44,957,016	35,331,219	9,625,797	27.24%
Expenditures:				
Interest payments	42,333,257	35,947,564	6,385,693	17.76%
Principal payments	53,070,000	56,605,000	(3,535,000)	-6.25%
Total expenditures	95,403,257	92,552,564	2,850,693	3.08%
Excess (deficiency) of revenues over expenditures	(50,446,241)	(57,221,345)	6,775,104	11.84%
Other financing sources (uses):				
Bond proceeds	175,555,000	178,525,000	(2,970,000)	-1.66%
Payments to Bond Escrow Agent	(105,040,000)	-	(105,040,000)	-100.00%
Transfers	(1,521,540)	5,185,772	(6,707,312)	-129.34%
Total other financing sources (uses):	68,993,460	183,710,772	(114,717,312)	-62.44%
Excess of revenues and transfers over expenditures	18,547,219	126,489,427	(107,942,208)	-85.34%
Fund balance, beginning of period as previously reported	967,701,739	851,793,807	115,907,932	13.61%
Removal of conduit debt obligations	-	(10,581,495)	10,581,495	100.00%
Fund balance, beginning of period as restated	967,701,739	841,212,312	126,489,427	15.04%
Fund balance, end of period	\$ 986,248,958	\$ 967,701,739	\$ 18,547,219	1.92%

### Long-term Debt

At June 30, 2015 the Bond Bank had \$940,920,000 of bonds and notes outstanding, up 1.9% from \$923,475,000 at June 30, 2014. This excludes conduit debt obligations of the Coastal Energy Loan Program. Payment of principal and interest on the Bond Bank's Coastal Energy Bond is not secured by a pledge of any amounts held by or payable to the Bond Bank under the General Bond Resolution, including the Reserve Account, and is not in any way a debt or liability of the Bond Bank and accordingly, are not included in the basic financial statements. Please see note (7), to the financial statements.

As discussed in the previous sections, net increase in 2015 long term debt balances is due to new bond issuances for loans to communities.

# ALASKA MUNICIPAL BOND BANK AUTHORITY

(a Component Unit of the State of Alaska)

## Management's Discussion and Analysis

Year Ended June 30, 2015

AS 44.85.180(c) was originally enacted in 1975, limiting the Bond Bank outstanding bonds at any time to \$150 million. This Statute has been periodically amended to raise the limit, and modify the definition of authorized borrowers. At the beginning of fiscal year 2015, the limit was \$1.5875 billion.

During fiscal year 2015, the legislature passed, and the Governor signed into law a bill to authorize the Authority to make loans to Joint Action Agencies and Regional Health Organizations, effective May 26, 2015. Joint Action Agency lending is now part of the main political subdivision program. Regional Health Organization lending is limited to no more than \$205 million in total, no more than 49% of any single project where the other 51% of the project's funding is in place, and not more than \$102.5 million for any single project. With this legislation, the total debt limit as of June 30, 2015 was \$1.7925 billion, comprised of \$1.5 billion in authority for political subdivisions, \$87.5 million for the University of Alaska, and \$205 million for Regional Health Organizations. Total Bond Bank bonds and notes outstanding as of June 30, 2015 was approximately \$940.9 million. The limit on additional bond issuance as of June 30, 2015 was approximately \$851.6 million, of which \$559.1 million of authority was available for the main political subdivision program, \$87.5 million has been specifically designated to the University of Alaska, and \$205 million has been specifically designated to Regional Health Organizations.

Outstanding long term debt is comprised of the following bonds and loans at year end:

	As of June 30,		Changes from 2014 to 2015	
	2015	2014	Increase/(Decrease)	
			Dollars	Percent
GO bonds payable	\$ 940,920,000	\$ 919,090,000	\$ 21,830,000	2.38%
Revenue bonds payable	-	4,385,000	(4,385,000)	-100.00%
	<u>\$ 940,920,000</u>	<u>\$ 923,475,000</u>	<u>\$ 17,445,000</u>	<u>1.89%</u>

### Contacting the Bond Bank's Financial Management

This financial report is designed to provide our customers, investors, and creditors with a general overview of the Bond Bank's finances and to demonstrate the Bond Bank's accountability of its assets. If you have any questions about this report or need additional financial information, contact the Finance Director or the Executive Director of the Bond Bank at (907) 465-2893 or (907) 465-3750 respectively.



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3601 C Street, Suite 600  
Anchorage, AK 99503

## Independent Auditor's Report

Board of Directors  
Alaska Municipal Bond Bank Authority  
Juneau, Alaska

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alaska Municipal Bond Bank Authority (the Authority), a component unit of the State of Alaska, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Alaska Municipal Bond Bank Authority, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I-VII be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alaska Municipal Bond Bank Authority's basic financial statements. The supplemental schedules and tables noted in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*BDO USA, LLP*

September 30, 2015  
Anchorage, Alaska



ALASKA MUNICIPAL BOND BANK AUTHORITY  
(a Component Unit of the State of Alaska)

Statement of Net Position and  
Governmental Funds Balance Sheets

June 30, 2015

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>					
Cash and cash equivalents	\$ 922,551	\$ 4,753,632	\$ 5,676,183	\$ -	\$ 5,676,183
Investments, at fair value (note 4)	13,672,353	53,341,867	67,014,220	-	67,014,220
Accrued interest receivable:					
Bonds receivable	46,184	12,879,458	12,925,642	-	12,925,642
Investment securities	4,652	165,561	170,213	-	170,213
Bonds receivable (note 5)	4,876,230	922,775,000	927,651,230	-	927,651,230
Other receivables	-	75,991	75,991	-	75,991
Interfund receivables	4,647,774	-	4,647,774	(4,647,774)	-
Total assets	<u>\$ 24,169,744</u>	<u>\$ 993,991,509</u>	<u>\$ 1,018,161,253</u>	<u>(4,647,774)</u>	<u>1,013,513,479</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 45,819	\$ -	\$ 45,819	-	45,819
Due to Primary Government	211,581	-	211,581	-	211,581
Principal and interest payments received in advance	-	3,094,777	3,094,777	-	3,094,777
Accrued interest payable	-	-	-	13,080,573	13,080,573
Interfund payables	-	4,647,774	4,647,774	(4,647,774)	-
Long-term liabilities (note 6):					
Portion due or payable within one year:					
General obligation bonds payable	-	-	-	56,455,000	56,455,000
Portion due or payable after one year:					
General obligation bonds payable	-	-	-	884,465,000	884,465,000
Total liabilities	<u>257,400</u>	<u>7,742,551</u>	<u>7,999,951</u>	<u>949,352,799</u>	<u>957,352,750</u>
<b>FUND BALANCES/NET POSITION</b>					
Fund balances:					
Restricted (note 2)	4,956,430	986,248,958	991,205,388	(991,205,388)	-
Unassigned	18,955,914	-	18,955,914	(18,955,914)	-
Total fund balances	<u>23,912,344</u>	<u>986,248,958</u>	<u>1,010,161,302</u>	<u>(1,010,161,302)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 24,169,744</u>	<u>\$ 993,991,509</u>	<u>\$ 1,018,161,253</u>		
Net position:					
Restricted (note 2)				37,473,539	37,473,539
Unrestricted				18,687,190	18,687,190
Total net position				<u>\$ 56,160,729</u>	<u>\$ 56,160,729</u>

The accompanying notes to the financial statements are an integral part of these statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(a Component Unit of the State of Alaska)

Statement of Activities and  
Governmental Funds Statements of Revenues, Expenditures, and  
Changes in Fund Balances/Net Position

For the Year Ended June 30, 2015

	General Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues:					
Investment earnings	\$ 284,403	\$ 857,473	\$ 1,141,876	\$ -	\$ 1,141,876
Interest income on bonds receivable	22,158	44,099,543	44,121,701	-	44,121,701
Total revenues	306,561	44,957,016	45,263,577	-	45,263,577
Expenditures / expenses:					
Debt service:					
Principal payments	-	53,070,000	53,070,000	(53,070,000)	-
Interest payments / expense	-	42,333,257	42,333,257	2,629,390	44,962,647
Professional services	485,784	-	485,784	-	485,784
Personal services	175,489	-	175,489	-	175,489
Administrative travel	36,720	-	36,720	-	36,720
Office expense	6,200	-	6,200	-	6,200
Total expenditures / expenses	704,193	95,403,257	96,107,450	(50,440,610)	45,666,840
Excess (deficiency) of revenues over expenditures / expenses	(397,632)	(50,446,241)	(50,843,873)	50,440,610	(403,263)
Other financing sources / (uses):					
Proceeds from bond refunding	-	175,555,000	175,555,000	(175,555,000)	-
Payments to refunded bond escrow agent	-	(105,040,000)	(105,040,000)	105,040,000	-
Transfers to/from Custodial Fund	1,428,076	(1,428,076)	-	-	-
Transfers - internal activities	93,464	(93,464)	-	-	-
Total other financing sources / (uses)	1,521,540	68,993,460	70,515,000	(70,515,000)	-
Net change in fund balance / net position	1,123,908	18,547,219	19,671,127	(20,074,390)	(403,263)
Fund balances / net position:					
Beginning of the year	22,788,436	967,701,739	990,490,175	(933,926,183)	56,563,992
End of the year	\$ 23,912,344	\$ 986,248,958	\$ 1,010,161,302	\$ (954,000,573)	\$ 56,160,729

The accompanying notes to the financial statements are an integral part of these statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(a Component Unit of the State of Alaska)

Notes to Financial Statements

For the Year Ended June 30, 2015

**(1) History/Reporting Entity**

The Alaska Municipal Bond Bank Authority (Authority or Bond Bank) was created pursuant to Alaska Statute, Chapter 85, Title 44, as amended, (Act) as a public corporation and instrumentality of the State of Alaska (State), but with a legal existence independent of and separate from the State. The Authority is a discretely presented component unit of the State of Alaska for purposes of financial reporting. The Authority commenced operations in August 1975.

The Authority was created for the purpose of making monies available to authorized borrowers within the State to finance capital projects primarily through the issuance of bonds by the Authority. Bond proceeds are then used to purchase, from authorized borrowers general obligation and revenue bonds.

The bonds are obligations of the Authority, payable only from revenues or funds of the Authority, and the State of Alaska is not obligated to pay principal or interest thereon, and neither the faith and credit nor the taxing power of the State is pledged to the bonds. The municipal bonds and municipal bond payments, investments thereof and proceeds of such investments, if any, and all funds and accounts established by the bond resolution to be held by the Trustee (with the exception of the Coastal Energy Loan Debt Service Program, which is administered by the Authority) are pledged and assigned for the payment of bonds.

AS 44.85.180(c) was originally enacted in 1975, limiting Bond Bank outstanding bonds at any time to \$150 million. This Statute has been periodically amended to raise the limit, and modify the definition of authorized borrowers. At the beginning of fiscal year 2015, the limit was \$1.5875 billion.

During fiscal year 2015, the legislature passed, and the Governor signed into law a bill to authorize the Authority to make loans to Joint Action Agencies and Regional Health Organizations, effective May 26, 2015. Joint Action Agency lending is now part of the main political subdivision program. Regional Health Organization lending is limited to no more than \$205 million in total, no more than 49% of any single project where the other 51% of the project's funding is in place, and not more than \$102.5 million for any single project. With this legislation, the total debt limit as of June 30, 2015 was \$1.7925 billion, comprised of \$1.5 billion in authority for political subdivisions, \$87.5 million for the University of Alaska, and \$205 million for Regional Health Organizations. Total Bond Bank bonds and notes outstanding as of June 30, 2015 was approximately \$940.9 million. The limit on additional bond issuance as of June 30, 2015 was approximately \$851.6 million, of which \$559.1 million of authority was available for the main political subdivision program, \$87.5 million has been specifically designated to the University of Alaska, and \$205 million has been specifically designated to Regional Health Organizations.

**(2) Summary of Significant Accounting Policies**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the Authority's accounting policies are described below.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(a Component Unit of the State of Alaska)

Notes to Financial Statements

**(a) Government-wide and Fund Financial Statements**

The government-wide statement of net position and the statement of activities report information on all of the activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. The balance sheet and statement of revenues, expenditures and changes in fund balances are provided for governmental funds.

**(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Authority reports the following major governmental funds:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund. The Authority adopts an annual budget for the operating account only which does not encompass entire operations of the General Fund, therefore, budgetary comparison information for the General Fund is not presented.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of the Authority. The Authority does not adopt a budget for the Debt Service Fund because it is not legally required to do so.

The purposes of each of these funds are described in the following paragraphs:

**General Fund**

The General Fund is comprised of a Custodian Account and an Operating Account. The Custodian Account is established to account for appropriations by the State of Alaska Legislature available to fund the Special Reserve Accounts. The Operating Account is established to account for the ordinary operations of the Authority. Moneys are derived from the following sources: (a) amounts appropriated by the Legislature, (b) fees and charges collected, (c) income on investments of the Statutory Reserve Account in excess of required debt service reserves required by bond resolutions and (d) any other monies made available for purposes of the General Fund from any other source. Amounts in the Operating Account may be used to pay (a) administrative expenses of the Authority, (b) fees and expenses of the Trustee and paying agents, (c) financing costs incurred with respect to issuance of bonds and (d) any expenses in carrying out any other purpose then authorized by the Act. The excess revenues of the Operating Account are returned to the State of Alaska. The State of Alaska may appropriate the excess revenues to the Bond Bank Custodian Account to fund Reserve Accounts.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(a Component Unit of the State of Alaska)

Notes to Financial Statements

**Debt Service Fund**

Within the Debt Service Fund, separate Debt Service Programs have been established for each bond resolution to account for the portion of bond sale proceeds used to purchase obligations of the municipalities and for the payment of interest and principal on all bonds of the Authority issued under its resolutions. Each program is comprised of an “interest account” and a “principal account”, both of which are maintained by a trustee. The receipts of interest and principal from the municipalities and the Statutory Reserve Account are deposited in these programs and are used to pay interest and principal on the Authority bonds. One additional Debt Service Program has been established to account for transactions not involving bond resolutions. This is the Coastal Energy Loan Debt Service Program. The Coastal Energy Loan Debt Service Program is not maintained by a trustee. Payments of interest and principal by municipalities having coastal energy loans are made directly to the federal government by the municipalities and are accounted for in the Coastal Energy Loan Debt Service Program.

Each debt service fund program contains a Statutory Reserve Account established to account for (a) money available to fund debt service reserves required by future bond sales under various bond resolutions (Custodian Account) and (b) debt service reserves which have already been established under various bond resolutions which are to be used in the case of deficiency in a Debt Service Program in accordance with its respective bond resolution (reserve accounts). Separate reserve accounts exist under each bond resolution as follows:

*1976 General Bond Resolution* – The reserve account is comprised of an ordinary reserve sub-account and a special reserve sub-account. The ordinary reserve sub-account may fund up to one-third of the required debt service reserve and can be funded with bond proceeds or with a transfer from the Custodian Account. The special reserve sub-account must fund at least two-thirds of the required debt service reserve and must be funded with transfers from the Custodian Account. Both sub-accounts are maintained by a trustee.

On August 23, 1999, the Authority amended the debt service reserve requirement for the 1976 bond resolution from the greater of the maximum annual debt service requirement of 10% of all municipal loan obligations outstanding to the current test of the least of: (i) 10% of the original stated principal amount of all bonds outstanding; (ii) the maximum annual principal and interest requirements on all bonds then outstanding; (iii) 125% of the average principal and interest requirements on all bonds then outstanding; or (iv) such lesser amount as shall be required to maintain the exemption of interest of all bonds outstanding from inclusion in gross income for federal income tax purposes under the Internal Revenue Code. The amendment took effect at the beginning of fiscal year 2013 when all bonds outstanding as of the date of the passage of the 1999 resolution were retired. The shift in the reserve requirement significantly reduced the 1976 Resolution reserve requirement. However, per the 1976 resolution the Bond Bank cannot remove principal from the reserve (special or ordinary) until all reserve obligations are paid off. Consequently, during fiscal 2013 the Authority defeased the remaining principal reserve obligations of the 1976 resolution reserves and released excess funds to the Custodial Account.

*2005 General Bond Resolution* – The reserve fund may be funded with transfers from the custodian account, surety policies, bond proceeds, or other funds available to the Bond Bank.

*2010 General Bond Resolution* – The reserve fund may be funded with transfers from the custodian account, surety policies, bond proceeds, or other funds available to the Bond Bank.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Notes to Financial Statements

At June 30, 2015, the *1976 General Bond Resolution*, *2005 General Bond Resolution*, and *2010 General Bond Resolution* reserves must be the least of: (i) 10% of the initial principal amount of each Series of Bonds outstanding; (ii) the maximum annual principal and interest requirements on all bonds outstanding; (iii) 125% of the average annual debt service on all bonds then outstanding; or (iv) such lower amount as may be allowed by law. Amounts in excess of the required debt service in any reserve are transferred to the Operating Account on a periodic basis.

On September 23, 2015 the Bond Bank determined that the amount on deposit in the 1976 Resolution Reserve Fund was below the reserve requirement due to a transfer of funds from the 1976 resolution reserve fund to the 2005 resolution reserve fund during the fiscal year. On September 24, 2015 the Bond Bank deposited \$627,000 to replenish the 1976 Resolution Reserve Fund to the October 1, 2015 reserve requirement. As of October 1, 2015 the amount held in the 1976 Resolution Reserve Fund satisfies the reserve requirement and is equal to the amount of debt service due on February 1, 2016. On that date, all remaining bonds issued under the 1976 Resolution will be retired and the amount held in the 1976 Resolution Reserve Fund will be transferred to the Bond Bank's Custodian Account.

**(c) Adjustments**

Certain adjustments are considered to be necessary to the governmental funds in order to present the Authority's financial position and the results of its operations. These adjustments include the elimination of inter-fund payables and receivables. Additionally, bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds and reduces the liability in the statement of net position.

**(d) Restricted Assets**

Certain resources set aside for the repayment of the Authority's bonds, net of certain proceeds from additional bonds issued, are classified as restricted on the statement of net position because they are maintained in separate trust accounts and their use is limited by applicable bond covenants. Cash and cash equivalents and investments include \$37,473,539 of restricted assets. These assets were funded as follows:

Original State of Alaska appropriation	\$ 18,601,414
2008 appropriation of excess earnings	855,347
2009 appropriation of excess earnings	819,843
2010 appropriation of excess earnings	32,628
2011 appropriation of excess earnings	86,814
2012 appropriation for loan forgiveness	<u>13,000,000</u>
Total State of Alaska appropriated equity	<u>\$ 33,396,046</u>

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Notes to Financial Statements

Restricted for Debt Service:

Appropriated amounts residing in reserve accounts	\$ 28,439,616
Appropriated amounts residing in Custodial account	<u>4,956,430</u>
Total State of Alaska appropriated equity	33,396,046
Bond Bank equity residing in reserve accounts	<u>4,077,493</u>
Total restricted for debt service/net position	<u><u>\$ 37,473,539</u></u>

**(e) Bond Receivables**

Bond receivables are secured by the revenues or are general obligations of the municipalities. Interest rates correspond with the interest rates on the related bonds payable by the Authority. The bond receivables mature during the same period as the related bond payables. Bond receivables are recorded at the par amount of the bonds issued.

**(f) Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Any premium or discount on bond issuance or refunding is not recorded by the Authority as the premium or discount is recorded by the municipalities associated with the issuance and amortized by them, therefore, bonds payable are presented at par. Bond issue costs are generally paid by the municipality but when a portion is paid by the Authority they are paid from the General Account and considered operating expenses.

**(g) Fund Equity**

Generally, fund equity represents the difference between the current assets and current liabilities and is classified as fund balance. Bond Bank, in accordance with GASB Statement No. 54 provisions, which require classification of fund balance as nonspendable, restricted, committed, assigned or unassigned, had fund balances in restricted and unassigned categories.

*Restricted Fund Balance* – Restricted fund balance is that portion of fund equity that has constraints placed upon the use of the resources either by an external party or imposed by law.

*Unassigned Fund Balance* – this classification represents fund balance that has not been restricted, committed or assigned to specific purposes within the general fund.

The Authority does not have a policy for its use of unrestricted fund balance amounts, therefore, it considers that committed amounts are reduced first (if any), followed by assigned amounts (if any), and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

In the government-wide financial statements, restrictions of net position are reported when constraints placed on net position are either externally imposed by creditors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(a Component Unit of the State of Alaska)

Notes to Financial Statements

***(h) Interfund Receivables, Payables and Transfers***

Interfund balances represent cash collected or disbursed on behalf of another fund. Interfund transfers are transfers between funds that are required when revenue is generated in one fund and expenditures are paid from another fund.

***(i) Interest Arbitrage Rebate***

Bonds issued and funds segregated into reserves after August 15, 1986 are subject to Internal Revenue Service income tax regulations which require rebates to the U.S. Government of interest income earned on investments purchased with the proceeds from the bonds or any applicable reserves in excess of the allowable yield of the issue. Amounts owed are expensed when paid and refunds are recorded when received at the five year anniversary date of the bond issue or upon final repayment. Beginning for FY 2013 the Bond Bank's arbitrage rebate consultant will update all general obligation bond rebate analysis annually as of June 30. As of June 30, 2015 the Bond Bank's net arbitrage rebate liability was \$-0-.

***(j) Income Taxes***

The Authority is exempt from paying federal and state income taxes.

**(3) Cash**

The Authority considers all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents at June 30, 2015 consist of money market accounts held with various financial institutions.

The bank balance of all of the Authority's cash and cash equivalents are collateralized by securities held in the Authority's name by its custodial agent.

**(4) Investments**

The fair value of debt security investments by contractual maturity as of June 30, 2015 is shown below.

	Less than 1	1-5	6-10	More than 10	Total
General Fund					
U.S. Treasury securities	\$ 1,252,441	\$ 7,984,825	\$ 1,004,336	\$ -	\$ 10,241,602
U.S. Government agencies securities	431,023	2,999,728	-	-	3,430,751
	<u>1,683,464</u>	<u>10,984,553</u>	<u>1,004,336</u>	<u>-</u>	<u>13,672,353</u>
Debt Service Fund					
U.S. Treasury securities	3,570,518	37,527,012	5,056,641	-	46,154,171
U.S. Government agencies securities	2,691,106	4,496,590	-	-	7,187,696
	<u>6,261,624</u>	<u>42,023,602</u>	<u>5,056,641</u>	<u>-</u>	<u>53,341,867</u>
Total investments	<u>\$ 7,945,088</u>	<u>\$ 53,008,155</u>	<u>\$ 6,060,977</u>	<u>\$ -</u>	<u>\$ 67,014,220</u>



ALASKA MUNICIPAL BOND BANK AUTHORITY  
(a Component Unit of the State of Alaska)

Notes to Financial Statements

Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

**(a) Investment Policies**

The Authority has distinct investment objectives and policies associated with funds held in the Custodian Account, Reserve Funds, and municipal debt payments received prior to scheduled debt service payment dates. The three classes of funds are listed below:

Custodian Account

The Custodian Account investment portfolio is designed with the objective of attaining the highest market rate of return subject to the required use of the Custodian Account for operation, funding transfers to the state, and funding reserves. The Custodian Account balance must maintain a minimum balance of \$5 million, and be forecasted to maintain that \$5 million balance for the subsequent twelve-month period, and an analysis of risk profile and historical benefit between the varying strategies must be undertaken before any shift in the investment strategy of the Account. The Custodian Account has to maintain sufficient liquidity to meet operating requirements, provide the prior fiscal year's state dividend, and to allow transfers to reserves as needed for bond issuance activity. Long-term preservation of principal is the third objective of the Custodian Account's investment program. Investments shall be undertaken in a manner that minimizes the probability of long-term loss.

- There are no arbitrage restrictions.

The bond resolutions limit investments to:

- 5% +/- 2% money market funds (no less than \$750,000).
- 95% +/- 3% government agencies and U.S. Treasuries.
- The performance benchmark is 5% +/- 2% three month U.S. Treasury Bill, and 95% +/- 3% Barclays 1-5 year government bond index.

The following transactions are prohibited with the Custodian Account unless those transactions have the prior written consent of the Investment Committee:

- Short sale of securities (the sale and settlement of a security not currently owned by the Authority and a formal agreement to borrow the security to facilitate the settlement of the short sale);
- Purchases of futures, forwards or options for the purpose of speculating (currency futures, forwards and options are permitted only for hedging or to facilitate otherwise permissible transactions);
- Borrowing to leverage the return on investments. Extended settlement of securities purchases executed to facilitate or improve the efficiency of a transaction will not be considered borrowing, provided that sufficient cash equivalent securities or receivables are available to facilitate the extended settlement;
- Purchases of "private placement" or unrated corporate bonds.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Notes to Financial Statements

Bond Reserve Funds

Preservation of principal is the foremost objective of the Bond Reserve Funds investment program. These funds shall be managed to ensure that the corpus is preserved. These funds will not be expended until the final maturity of the bond issue they secure, unless there is a failure to pay debt service by a community. As there is limited benefit in maximizing return it is the least important objective of the Bond Reserve Funds. It is anticipated that the Reserve Funds cumulative average return should target the blended arbitrage yield limit of the bond issues secured.

Bond resolutions limit allowed investment of these funds. Investment risk is examined on an annual basis to ensure that no greater than the minimum level of risk required to achieve the highest probability of earning the arbitrage yield limit on the bonds is incurred.

The 2005 and 2010 Reserve Fund bond resolutions limit investments to:

- 90% +/- 10% government agencies and U.S. Treasuries with maturities of less than 5 years.
- 10% +/- 10% government agencies and U.S. Treasuries with maturities of more than 5 years and less than 10 years.
- Performance benchmark is 90% Barclays US 1-5 year government bond index and 10% Barclays US aggregate index.

The 1976 Reserve Fund bond resolutions limit investments to:

- Government agencies and U.S. Treasuries with maturities of 3 years or less.
- Performance benchmark is Barclays US 1-3 year government bond index.

Municipal Debt Payments

Preservation of principal and liquidity are the foremost objectives of the Municipal Debt Payments investment program, as these funds will be expended within seven business days of receipt. Return on investment is a benefit of holding these funds for the advance payment period, but not the focus of investing the funds. The bond resolutions limit investments to:

- 100% Money Market Fund.
- Performance benchmark is three-month U.S. Treasury Bill.

**(b) Concentration Risk**

Concentration risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for pledged investments. The Authority's policies set out maximum concentration limits for investments managed by the external investment manager.

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Notes to Financial Statements

**(c) Credit Risk**

Credit risk is the risk of loss due to the failure of the security or backer. The Authority mitigates its credit risk by limiting investments permitted in the investment policies. U.S. Treasury securities and securities of agencies that are explicitly guaranteed by the U.S. government are not considered to have credit risk.

**(d) Custodial Credit Risk**

The Authority assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Authority has not established a formal custodial credit risk policy for its investments. The Authority had no investments registered in the name of a counterparty.

**(e) Interest Rate Risk**

Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. For non-pledged investments, the Authority mitigates interest rate risk by structuring its investments' maturities to meet cash requirements, thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in its bond indentures and contractual and statutory agreements.

**(5) Bonds Receivable**

The General Fund includes bonds receivable with interest rates varying from 1% to 5% due from the City of Galena and Kenai Peninsula Borough with maturities as follow:

	City of Galena	Kenai Peninsula Borough	Total General Fund Bonds Receivable
2016	\$ 162,182	\$ 395,000	\$ 557,182
2017	163,812	383,000	546,812
2018	165,457	387,000	552,457
2019	167,119	392,000	559,119
2020	168,798	398,000	566,798
2021-2025	848,862	1,245,000	2,093,862
	<u>\$ 1,676,230</u>	<u>\$ 3,200,000</u>	<u>\$ 4,876,230</u>

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Bonds receivable by debt service program at June 30, 2015 mature in varying annual installments as follows:

Year ending June 30	1976 General	2005 General	2010 General	Total Principal
2016	\$ 2,520,000	\$ 51,835,000	\$ 140,000	\$ 54,495,000
2017	-	53,870,000	145,000	54,015,000
2018	-	54,220,000	150,000	54,370,000
2019	-	55,600,000	160,000	55,760,000
2020	-	52,885,000	165,000	53,050,000
2021-2025	-	241,415,000	900,000	242,315,000
2026-2030	-	179,550,000	1,070,000	180,620,000
2031-2035	-	124,640,000	1,280,000	125,920,000
2036-2040	-	47,815,000	285,000	48,100,000
2041-2045	-	40,230,000	-	40,230,000
2046-2050	-	13,900,000	-	13,900,000
	<u>\$ 2,520,000</u>	<u>\$ 915,960,000</u>	<u>\$ 4,295,000</u>	<u>\$ 922,775,000</u>

**(6) Long-Term Liabilities**

During the year ended June 30, 2015 the Authority's long-term liabilities changed as follows:

	Beginning of year	New debt	Repayments/ Adjustments	End of year
General obligation bonds payable	\$ 919,090,000	\$ 175,555,000	(153,725,000)	\$ 940,920,000
Revenue bonds payable	4,385,000	-	(4,385,000)	-
Total	<u>\$ 923,475,000</u>	<u>\$ 175,555,000</u>	<u>\$ (158,110,000)</u>	<u>\$ 940,920,000</u>

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Notes to Financial Statements

Bond Bank's long term liabilities consist of the following as of June 30, 2015:

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
1976 General Bond Resolution Program:				
2005-C Series	4.00%-5.00%	\$ 1,425,000	5.00%	\$ -
Haines Borough				
Petersburg				
Northwest Arctic Borough				
2006-A Series	4.00%-4.35%	1,095,000	4.00%	-
Aleutians East Borough				
Ketchikan Gateway Borough				
Lake and Peninsula Borough				
Nome				
Wrangell				
Total 1976 General Bond Resolution Fund		<u>2,520,000</u>		<u>-</u>
2005 Series General Bond Resolution Program:				
2005-One Series	3.00%-5.00%	2,510,000	3.00%-5.00%	350,000
Ketchikan, City of				
Nome				
Seward				
2006-One Series	4.00%-6.00%	335,000	4.50%-6.00%	-
Kenai Peninsula Borough				
Seward				
2006-Two Series - Ketchikan, City of	4.25%-4.75%	32,660,000	5.00%	1,765,000
2007-One Series	4.00%-5.50%	14,865,000	4.00%-5.50%	1,265,000
Kenai Peninsula Borough				
Inter-Island Ferry Authority				
Nome				
Northwest Arctic Borough				
Petersburg				
Seward				
Sitka, City and Borough of				
Wasilla				
2007-Two Series	3.75%-5.00%	22,575,000	4.50%	685,000
Kenai Peninsula Borough				
Aleutians East Borough				
2007-Three Series	4.25%-5.50%	3,775,000	4.00%	415,000
Bethel, City of				
Juneau, City and Borough of				
2007-Four Series - Kenai Peninsula Borough	4.25%-5.00%	1,955,000	4.25%-4.50%	1,070,000
2007-Five Series - Kodiak, City of	4.00%-6.00%	5,425,000	-	-
2008-One Series	4.00%-5.00%	47,385,000	5.00%	3,260,000
Dillingham				
Kodiak Island Borough				
Kodiak, City of				
Seward				
2008-Two Series	4.40%-6.00%	9,945,000	4.75%-6.00%	1,200,000
Seward				
Sitka, City and Borough of				
Skagway				
2009-One Series	3.00%-5.63%	4,000,000	4.00%-5.50%	560,000
Kodiak, City of				
Unalaska, City of				
2009-Two Series	4.00%-6.00%	4,990,000	4.00%-6.00%	1,400,000
Cordova				
Nome, City of				
Unalaska, City of				
Kodiak, Island Borough				

(continued)

**ALASKA MUNICIPAL BOND BANK AUTHORITY**  
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**Notes to Financial Statements**

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2009-Three Series - Juneau, City and Borough of	2.00%-4.00%	6,730,000	2.00%-4.00%	495,000
2009-A-Four Series	3.00%-4.00%	575,000	3.00%-4.00%	430,000
Kenai Peninsula Borough				
Ketchikan Gateway Borough				
2009-B-Four Series - Ketchikan Gateway Borough	4.63%-5.40%	20,425,000	-	-
2010-A-Series One	2.00%-5.00%	7,515,000	3.00%	-
Ketchikan, City of				
Ketchikan Gateway Borough				
Kenai, City of				
Northwest Arctic Borough				
Petersburg				
Unalaska				
2010-B Series One	5.99%-6.34%	7,415,000	-	-
Kenai, City of				
Northwest Arctic Borough				
Petersburg				
Unalaska				
2010-A Series Two	2.00%-3.00%	650,000	3.00%	325,000
Juneau, City and Borough of				
Cordova				
King Cove, City of				
2010-B Series Two	3.75%-4.91%	11,405,000	-	-
Juneau, City and Borough of				
Cordova				
King Cove, City of				
2010-A Series Three	2.00%-4.00%	2,445,000	2.00%-4.00%	405,000
Aleutians East Borough				
Unalaska				
King Cove, City of				
2010-B Series Three	4.93%-5.43%	6,900,000	-	-
Aleutians East Borough				
Unalaska				
King Cove, City of				
2010-A Series Four	2.00%-5.00%	19,220,000	-	-
Kenai Peninsula Borough				
Ketchikan, City of				
Ketchikan Gateway Borough				
Sitka, City and Borough of				
Sitka, City and Borough of (Refunding)				
Soldotna				
2010-B Series Four	1.42%-6.26%	47,915,000	-	-
Kenai Peninsula Borough				
Ketchikan, City of				
Ketchikan Gateway Borough				
Sitka, City and Borough of				
Soldotna				
2011-Series One	3.00%-5.13%	6,980,000	3.00%	415,000
Kodiak Island Borough				
Wrangell				
2011-Series Two	2.00%-4.38%	8,295,000	2.00%	815,000
Juneau, City and Borough of				
Sitka, City and Borough of				

(continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Notes to Financial Statements

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2011-Series Three	2.00%-5.00%	67,575,000	2.00%-5.00%	1,390,000
Wrangell				
Aleutians East Borough				
Northwest Arctic Borough				
Ketchikan Gateway Borough				
Kenai Peninsula Borough				
Cordova				
Hoonah				
Skagway				
Seward				
Kodiak Island Borough				
2012-Series One	2.00%-5.00%	11,585,000	-	-
Juneau, City and Borough of (Wildflower Court)				
Juneau, City and Borough of				
2012-Series Two	1.75%-5.00%	46,605,000	2.00%-4.00%	1,900,000
Juneau, City and Borough of				
Ketchikan, City of				
Ketchikan Gateway Borough				
Kodiak Island Borough				
Nome, City of				
North Pole, City of				
Palmer, City of				
Petersburg				
Sitka, City and Borough of				
Valdez				
2012-Series Three	1.50%-5.00%	18,340,000	-	-
Juneau, City and Borough of (School)				
Juneau, City and Borough of (REF)				
Petersburg				
Haines Borough				
2013-Series One	2.00%-5.00%	91,695,000	-	-
Juneau, City and Borough of (Hospital Rev Ref)				
Juneau, City and Borough of				
Kenai Peninsula Borough				
Ketchikan Gateway Borough				
Kodiak Island Borough				
Sand Point, City of				
Sitka, City and Borough of (Harbor				
Sitka, City and Borough of (Electric)				
2013-Series Two A	2.00%-4.00%	17,095,000	-	-
Homer, City of				
Ketchikan, City of				
Ketchikan, City of (REF)				
Skagway				
2013-Series Two B				
Kodiak Island Borough	3.00%-4.00%	16,505,000	-	-
2013 Series Three	1.50%-5.00%	70,505,000	-	-
Juneau, City and Borough of				
Kenai Peninsula Borough				
Lake and Peninsula Borough				
Sitka, City and Borough of				
2014-Series One A	.38%-5.00%	58,530,000	-	-
Juneau, City and Borough of				
Kodiak Island Borough				
Kenai Peninsula Borough- Exempt				
Kenai Peninsula Borough- Taxable				

(continued)

**ALASKA MUNICIPAL BOND BANK AUTHORITY**  
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**Notes to Financial Statements**

Issue	Debt Service Account		Statutory Reserve Account Ordinary Reserve Sub-Account	
	Interest rate	Principal outstanding	Interest rate	Principal outstanding
2014-Series Two A	3.00%-5.00%	45,080,000	-	-
Ketchikan, City of (Harbor)				
Ketchikan, City of (Hospital)				
King Cove, City of				
2014-Series Three	1.25%-5.00%	55,370,000	-	-
City & Borough of Juneau				
City of Saxman				
City & Borough of Sitka				
City of Adak (REF)				
Municipality of Anchorage (Rev REF)				
Haines Borough (REF)				
Kenai Peninsula				
City of Nome (REF)				
Northwest Arctic Borough (REF)				
Petersburg Borough (REF)				
City of Seward (REF)				
City of Seward (REF) - 2				
2015-Series One	2.00%-5.00%	60,635,000	-	-
City of Craig - New Money				
City of Cordova - New Money				
City of Cordova (REF2005A)				
City of Ketchikan (REF2005A)				
Northwest Arctic Borough (REF2005A)				
City and Borough of Sitka (REF2005A)				
City of Unalaska (REF2005A)				
Ketchikan Gateway Borough (REF2005E)				
Aleutians East Borough (REF2006A)				
City of Nome (REF2006A)				
City of Wrangell (REF2006A)				
City and Borough of Sitka (REF2008-2)				
City of Unalaska (REF2009-1)				
City of Cordova (REF2009-2)				
City of Nome (REF2009-2)				
2015-Series Two	2.00%-5.00%	59,550,000	-	-
City of Cordova - CC				
Municipality of Skagway - PSB				
City and Borough of Juneau - PP				
Municipality of Skagway - PP				
City and Borough of Juneau - School				
City and Borough of Juneau (REF2007-3)				
Kenai Peninsula Borough (REF2007-4)				
Total 2005 Series General Bond Resolution Fund		915,960,000		18,145,000
2010 Series General Bond Resolution Program:				
2010-A-1 Series One	3.00%-4.00%	595,000	-	-
Ketchikan Gateway Borough				
2010-A-2 Series One	5.78%-6.86%	3,700,000	-	-
Ketchikan Gateway Borough				
Total 2010 Series General Bond Resolution Program		4,295,000		-
		<u>\$ 922,775,000</u>		<u>\$ 18,145,000</u>



ALASKA MUNICIPAL BOND BANK AUTHORITY  
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All bonds are secured by bonds receivable and by amounts in the reserve account. The Act further provides that if a municipality defaults on its principal and/or interest payments, upon written notice by the Authority, the State of Alaska must consider paying to the Authority all funds due from the defaulting municipality from the State in an amount sufficient to clear the default. The Bond Bank Executive Director is obligated per resolution to seek and the State may provide an appropriation annually to replenish reserves. This appropriation was requested, and the State has included this appropriation in the fiscal year 2016 State Budget.

In October 2014 the Authority issued \$55.3 million in general obligation and refunding bonds with interest rates ranging between 1.25% and 5%. The Authority issued the bonds to advance refund \$31,145,000 of the outstanding the 2004B (Anchorage) Revenue bond and 2004D, 2005C, 2005-1, and 2006-1 General Obligation bonds with interest rates averaging between 4.188% and 4.95%. The Authority used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the series bonds listed above. As a result, these bonds are considered defeased, and the Authority has removed the liability from its financial statements. The outstanding principal of the defeased bonds was \$31,145,000 at June 30, 2015.

The advance refunding reduced total debt service payments over the next 20 years by nearly \$3.5 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2.8 million.

In February 2015 the Authority issued \$60.6 million in general obligation and refunding bonds with interest rates ranging between 2% and 5%. The Authority issued the bonds to advance refund \$57,140,000 of the outstanding 2005A, 20005B, 2006A, 2008-1, 2009-1, and 2009-2 General Obligation bonds with interest rates averaging between 3.44% and 4.96%. The Authority used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the series bonds listed above. As a result, these bonds are considered defeased, and the Authority has removed the liability from its financial statements. The outstanding principal of the defeased bonds was \$57,140,000 at June 30, 2015. The advance refunding reduced total debt service payments over the next 20 years by nearly \$5.4 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4.9 million.

In May 2015 the Authority issued \$59.5 million in general obligation and refunding bonds with interest rates ranging between 2% and 5%. The Authority issued the bonds to advance refund \$16,755,000 of the outstanding 2007-3 and 2007-4 General Obligation bonds with interest rates averaging between 4.5% and 4.7%. The Authority used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the series bonds listed above. As a result, these bonds are considered defeased, and the Authority has removed the liability from its financial statements. The outstanding principal of the defeased bonds was \$16,755,000 at June 30, 2015. The advance refunding reduced total debt service payments over the next 18 years by nearly \$635,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$740,000.

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The above bonds mature in varying annual installments. The maturities at June 30, 2015 are as follows:

	1976	2005		2010
Year ending June 30	General	General	Reserve	General
2016	\$ 2,520,000	\$ 51,835,000	\$ 1,960,000	\$ 140,000
2017	-	53,870,000	425,000	145,000
2018	-	54,220,000	4,805,000	150,000
2019	-	55,600,000	1,035,000	160,000
2020	-	52,885,000	925,000	165,000
2021-2025	-	241,415,000	4,135,000	900,000
2026-2030	-	179,550,000	3,095,000	1,070,000
2031-2035	-	124,640,000	-	1,280,000
2036-2040	-	47,815,000	1,765,000	285,000
2041-2045	-	40,230,000	-	-
2046-2050	-	13,900,000	-	-
	<u>\$ 2,520,000</u>	<u>\$ 915,960,000</u>	<u>\$ 18,145,000</u>	<u>\$ 4,295,000</u>

Year ending June 30	Total Principal	Total Interest
2016	\$ 56,455,000	\$ 41,814,124
2017	54,440,000	40,384,854
2018	59,175,000	38,258,782
2019	56,795,000	35,858,065
2020	53,975,000	33,488,178
2021-2025	246,450,000	132,451,843
2026-2030	183,715,000	80,285,636
2031-2035	125,920,000	39,690,036
2036-2040	49,865,000	18,973,450
2041-2045	40,230,000	8,742,050
2046-2050	13,900,000	1,265,749
	<u>\$ 940,920,000</u>	<u>\$ 471,212,767</u>

**(7) Conduit Debt**

Under the Coastal Energy Loan Program (Program), the Authority issued \$5,000,000 1986 Series A Coastal Energy Bonds (Bonds) payable to the National Oceanic and Atmospheric Administration (NOAA). The proceeds of these bonds were used to purchase port revenue bonds from the City of Nome. The City of Nome entered into a tripartite agreement with NOAA and the Authority effective August 2, 1994 to defer payment of the principal and accrual of interest for ten years. Effective January 29, 2009 a second amendment to the tripartite agreement was executed. The amendment authorized the issuance of 2009A Bonds for the purpose of refunding by exchange the outstanding City of Nome, Alaska, Port Revenue Bond 1986 Series A. As of June 30, 2015 the aggregate amount outstanding for conduit debt obligations was \$4,360,984.

Also under the Program, the Authority issued \$6,563,000 1987 Series A Coastal Energy Bonds payable to NOAA. The proceeds of these bonds were used to purchase port revenue bonds from the City of St. Paul. The City of St. Paul entered into a tripartite agreement with NOAA and the Authority effective December 14, 2000 to modify and defer payment. As of June 30, 2015 the aggregate amount outstanding for the City of St. Paul conduit debt obligations was \$6,005,878.

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The related loan payables do not represent a general obligation of the Authority as they are payable only from proceeds received from the City of Nome and St. Paul, respectively. Payment of principal and interest on the Bond Bank's Coastal Energy Bond is not secured by a pledge of any amounts held by or payable to the Bond Bank under the General Bond Resolution, including the Reserve Account, and is not in any way a debt or liability of the Bond Bank and accordingly, are not included in the basic financial statements.

The Coastal Energy Bonds and related accounts are included in the Bond Bank's statutory limit for total bonds outstanding.

**(8) Commitments**

During 2011 State Legislature appropriated \$2,450,000 to Bond Bank to issue a 15-year, one percent interest loan to the City of Galena to retire existing debt obligations and make certain utility improvements. The intent of the legislature was that loan repayments made for the loan be paid into the State of Alaska General Fund in accordance with the provisions of the AS 44.85.270(h). The amount of receipts available to the Authority during fiscal 2014 as discussed in Note 2(d), included \$178,200 of City of Galena loan repayments for the year ended June 30, 2015. There were no excess receipts over operating expenditures during fiscal year 2015.

The amount of Authority receipts determined under AS 44.85.270(h) and, as discussed in Note 2(d), available for transfer by the Authority and appropriation to the Bond Bank Authority Reserve Fund under AS 44.85.270(a) was \$-0- for fiscal year 2015; the cumulative state appropriated amount, therefore, remained \$33,396,046 at June 30, 2015.

The entire Custodian Account balance is available for appropriation, at any time, by the State Legislature.

**(9) Subsequent Events**

Subsequent to June 30, 2015, the Bond Bank issued the 2015 Series Three general obligation bonds in the principle amount of \$96.21 million. The 2015 Series Three bond proceeds are being used for the following purposes: (i) to make five loans to Governmental Units for new money purposes; and (ii) to pay a portion of the costs of issuance of the 2015 Series Three Bonds. The 2015 Series Three Bond proceeds used for new money purposes include: (i) a loan to the University of Alaska to pay a portion of the costs of constructing a new Combined Heat and Power Plant at the University's Fairbanks campus; (ii) a loan to Haines Borough for mechanical system upgrades and replacement of an air handling unit at Haines High School; (iii) two loans to the Kodiak Island Borough for expansion of Kodiak High School and for various renewal and replacement projects in Borough schools, and (iv) a loan to the City of King Cove to pay a portion of the costs to construct a run-of-the-river hydroelectric facility. The 2015 Series Three Bonds priced on August 26, 2015, and are expected to close on or about September 16, 2015. The True Interest Cost (TIC) for the total issuance was 4.00% with last maturity on October 1, 2044.

## Supplemental Schedule

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Supplemental Schedule of Statutory Reserve Accounts - Assets, Liabilities, and Account Reserves

June 30, 2015

	1976 General "Special"	2005 Resolution	2010 Resolution	Total
<b>ASSETS</b>				
Cash	\$ 502	\$ 1,178,748	\$ 8,862	\$ 1,188,112
Accrued interest receivable	4,171	160,415	975	165,561
Marketable securities	505,315	52,439,321	397,232	53,341,868
Interaccount receivables	787,596	-	-	787,596
Other receivables	-	128,048	-	128,048
	<u>\$ 1,297,584</u>	<u>\$ 53,906,532</u>	<u>\$ 407,069</u>	<u>\$ 55,611,185</u>
<b>LIABILITIES</b>				
Interaccount payables	\$ -	\$ 5,003,712	\$ 12,977	\$ 5,016,689
Bond payable	-	18,145,000	-	18,145,000
Accrued interest payable	-	201,107	-	201,107
	<u>-</u>	<u>23,349,819</u>	<u>12,977</u>	<u>23,362,796</u>
<b>RESERVES</b>				
State appropriated	-	28,046,530	393,086	28,439,616
Unappropriated	1,401,670	2,674,358	1,465	4,077,493
Unrealized gain (loss)	(104,086)	(164,175)	(459)	(268,720)
	<u>1,297,584</u>	<u>30,556,713</u>	<u>394,092</u>	<u>32,248,389</u>
	<u>\$ 1,297,584</u>	<u>\$ 53,906,532</u>	<u>\$ 407,069</u>	<u>\$ 55,611,185</u>

See Independent Auditor's report

## Continuing Disclosure Tables

Pursuant to the Securities and Exchange Commission Rule 15c2-12 and the Authority's continuing disclosure undertakings, the Authority is obligated to provide annual financial information. In addition to annual financial statements the Authority must provide a statement of authorized, issued and outstanding bonded debt, reserve fund balances, and government unit statistics in substantially the same form as Appendix C of official statements of the Authority. The following supplemental information related to the 1976, 2005, and 2010 master resolutions is provided in compliance with the Appendix C filing requirement.

ALASKA MUNICIPAL BOND BANK AUTHORITY  
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Supplemental Schedule of 1976 Master Resolution Program - Community Concentration

June 30, 2015

Borrower	Outstanding Par	Percent of Outstanding
Lake & Peninsula Borough	\$ 965,000	38.29%
Haines Borough	835,000	33.13%
Northwest Arctic Borough	310,000	12.30%
Petersburg Borough	280,000	11.11%
Ketchikan Gateway Borough	130,000	5.16%
Total Outstanding Par	<u>\$ 2,520,000</u>	<u>100.00%</u>

See Independent Auditor's report

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule 1976 Master Resolution Program  
Debt Service Requirements

June 30, 2015

Borrower	2016*
Lake and Peninsula Borough	\$ 1,003,600
Haines Borough	855,875
Northwest Arctic Borough	317,750
Petersburg Borough	287,000
Ketchikan Gateway Borough	135,200
Total Outstanding Par	<u>\$ 2,599,425</u>

\* Final year in which bonds issued under the 1976 Resolution will be outstanding.

See Independent Auditor's report



ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule of 2005 Master Resolution Program - Community Concentration

June 30, 2015

Borrower	Outstanding Par	Percent of Outstanding
City and Borough of Sitka	\$ 149,205,000	15.97%
City and Borough of Juneau	137,680,000	14.74%
Kenai Peninsula Borough	117,195,000	12.55%
City of Ketchikan	104,750,000	11.21%
Kodiak Island Borough	85,790,000	9.18%
Ketchikan Gateway Borough	40,300,000	4.31%
Northwest Arctic Borough	39,055,000	4.18%
City of Seward	36,950,000	3.96%
City of Unalaska	35,960,000	3.85%
Aleutians East Borough	28,610,000	3.06%
Municipality of Skagway	21,430,000	2.29%
City of Cordova	18,985,000	2.03%
Lake & Peninsula Borough	17,780,000	1.90%
City of Kodiak	13,205,000	1.41%
Petersburg Borough	11,945,000	1.28%
City of Dillingham	11,275,000	1.21%
Haines Borough	10,580,000	1.13%
City of Nome	5,425,000	0.58%
Municipality of Anchorage	3,735,000	0.40%
City of Homer	3,475,000	0.37%
City of Bethel	2,790,000	0.30%
City of Valdez	2,725,000	0.29%
City of Sand Point	2,500,000	0.27%
City of King Cove	2,175,000	0.23%
City of Soldotna	2,120,000	0.23%
City of Craig	1,810,000	0.19%
City of Kenai	1,615,000	0.17%
City and Borough of Wrangell	1,550,000	0.17%
City of Wasilla	1,540,000	0.16%
City of Hoonah	1,135,000	0.12%
City of Palmer	860,000	0.09%
City of Adak	825,000	0.09%
City of North Pole	820,000	0.09%
City of Saxman	165,000	0.02%
Reserve Obligations	18,145,000	1.94%
Total Outstanding Par	\$ 934,105,000	100.00%

See Independent Auditor's report

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule 2005 Master Resolution Program - Debt Service Requirements

June 30, 2015

Borrower	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City of Ketchikan Utility - 2005 Loan	\$ 1,331,680	\$ 1,332,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Kenai Peninsula Borough Cent. Em. Svcs. Dist. - 2006 Loan	124,800	-	-	-	-	-	-	-	-	-
City of Seward - 2006 Port Loan	223,600	-	-	-	-	-	-	-	-	-
City of Ketchikan Port - 2006 Loan	2,555,069	2,556,963	2,553,063	2,548,063	2,550,038	2,543,850	2,544,363	2,541,300	2,539,525	2,538,763
City of Nome - 2007 Refunding	179,894	177,419	180,247	182,859	180,619	178,609	-	-	-	-
Northwest Arctic Borough - 2007 Refunding	255,856	1,259,844	1,249,172	1,248,350	1,248,825	1,245,163	-	-	-	-
Petersburg Borough - 2007 Refunding	141,944	145,919	140,159	144,391	143,681	147,991	-	-	-	-
City of Seward - 2007 Refunding	235,606	241,044	241,709	237,394	238,363	234,525	239,994	-	-	-
City and Borough of Sitka - 2007 Refunding	847,319	848,781	851,672	849,219	-	-	-	-	-	-
City of Wasilla - 2007 Refunding	420,819	421,681	423,241	424,588	-	-	-	-	-	-
Kenai Peninsula Borough - 2007 Loan	313,225	312,625	-	-	-	-	-	-	-	-
Petersburg Borough - 2007 Loan	91,431	88,544	90,778	92,894	90,100	92,356	89,425	91,297	92,906	89,406
Aleutians East Borough - 2007 Refunding	945,438	947,338	1,772,238	1,818,363	1,835,863	1,844,988	1,856,938	2,121,938	2,271,750	2,347,869
South Kenai Peninsula Hospital - 2007 Refunding	144,700	144,100	143,500	142,825	146,950	789,450	788,250	784,350	787,325	-
City and Borough of Juneau - 2007 III Dock Loan	353,925	356,325	353,625	-	-	-	-	-	-	-
City of Bethel - 2007 III Court Facility Loan	291,838	293,038	294,125	295,125	290,750	291,000	290,750	290,000	293,625	291,625
Kenai Peninsula Borough South Hospital Service Area	696,506	694,413	695,300	-	-	-	-	-	-	-
City of Kodiak M&P Loan	128,671	125,971	128,121	125,121	127,521	125,287	127,878	125,313	127,593	124,700
City of Kodiak Lift Loan	240,330	240,980	241,330	241,380	242,030	243,271	244,186	244,804	245,126	245,119
Kodiak Island Borough 2008 One Loan	622,460	624,960	620,160	624,960	623,960	621,323	623,048	623,360	622,210	624,180
City of Dillingham 2008 One Loan	1,179,590	1,176,340	1,178,540	1,174,540	1,174,540	1,176,390	1,176,753	1,179,565	1,174,515	1,176,040
Kodiak Police Station 2008 One Loan	531,990	532,240	529,040	505,640	507,840	509,128	504,990	505,365	505,015	508,735
City of Seward Long Term Care 2008 One Loan	1,970,163	1,971,913	1,970,513	1,972,713	1,973,313	1,969,750	1,969,488	1,970,925	1,968,725	1,971,855
City and Borough of Sitka 2008 Two Loan	355,620	353,220	355,100	-	-	-	-	-	-	-
Municipality of Skagway 2008 Two Loan	393,035	394,435	395,210	391,110	395,330	393,630	396,210	392,815	393,803	393,923
City of Seward 2008 Two Loan	393,886	393,686	393,151	394,751	393,151	391,176	393,816	395,826	392,276	393,396
City of Unalaska 2009 One Loan	857,500	860,500	856,625	855,875	-	-	-	-	-	-
City of Kodiak 2009 One Boat Lift Loan	68,713	67,713	71,588	70,338	69,088	67,838	71,463	69,963	68,425	66,850
City of Unalaska 2009 Two Loan	558,775	558,800	563,588	560,413	-	-	-	-	-	-
City of Cordova 2009 Two Loan	801,750	798,063	799,188	801,338	-	-	-	-	-	-
City of Nome 2009 Two Loan	29,869	28,806	32,775	31,425	-	-	-	-	-	-
City and Borough of Juneau - 2009 Three Loan	1,500,650	1,485,600	1,495,800	1,444,800	1,468,800	-	-	-	-	-
Ketchikan Gateway Borough-2009 Four Loan	1,777,769	1,775,519	1,768,232	1,754,104	1,743,479	1,731,390	1,722,642	1,707,107	1,694,654	1,684,964
City of Kenai-2010 One Loan	178,798	175,398	176,998	178,398	172,704	172,011	171,018	164,725	163,433	161,840
Ketchikan Gateway Borough-2010 One Loan	729,800	725,800	731,000	730,000	728,000	-	-	-	-	-
Northwest Arctic Borough-2010 One Loan	283,565	283,165	282,565	281,765	280,765	284,565	281,315	276,127	275,640	269,552
Petersburg Borough - 2010 One Loan	238,044	239,094	234,494	234,794	234,894	234,794	238,694	235,849	232,010	227,870
City of Unalaska-2010 One Loan	425,149	427,149	428,749	424,949	425,949	426,549	424,299	424,017	417,835	411,055
Northwest Arctic Borough - 2010 Refunding	967,200	-	-	-	-	-	-	-	-	-
City and Borough of Juneau - 2010 Two Loan	1,139,319	1,139,029	1,129,772	1,117,534	1,107,744	2,472,665	1,820,539	1,779,639	1,517,673	1,742,096
City of Cordova 2010 Two Loan	49,780	48,430	46,859	45,138	48,188	46,070	-	-	-	-
City of King Cove 2010 Two Loan	41,512	45,743	44,762	43,686	42,540	41,363	40,155	38,847	42,319	40,652
Aleutians East Borough - 2010 Loan	397,078	398,878	395,378	396,578	397,966	392,943	390,877	383,441	380,636	372,462
City of King Cove 2010 Three Loan	59,892	58,692	62,392	60,992	59,680	58,205	61,359	59,389	57,419	55,449
City of Unalaska 2010 Three Loan	436,267	437,267	437,867	438,067	433,605	432,617	429,319	420,652	416,616	407,211
Kenai Peninsula Borough 2010 Four Loan	1,468,022	1,459,887	1,442,725	1,431,305	1,411,775	1,395,269	1,376,201	1,358,946	1,338,264	1,314,029
City of Ketchikan 2010 Four Loan	628,044	623,153	616,549	608,190	603,500	597,854	586,163	578,214	568,842	562,857
Ketchikan Gateway Borough 2010 Four Loan	333,976	332,198	324,287	320,209	315,233	314,574	308,091	300,753	292,534	288,269
City and Borough of Sitka 2010 Four Loan	4,064,732	4,064,932	4,075,151	4,062,570	4,047,570	4,058,570	4,050,648	4,038,926	4,030,419	4,000,527
City of Soldotna 2010 Four Loan	219,070	215,646	216,594	211,905	211,752	206,311	205,509	199,279	197,602	195,333

(continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule 2005 Master Resolution Program - Debt Service Requirements

June 30, 2015

Borrower	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City and Borough of Wrangell 2011 One Loan	25,075	24,475	28,875	28,000	27,000	26,000	-	-	-	-
Kodiak Island Borough 2011 One Loan	621,850	622,550	622,950	621,400	622,800	623,600	623,800	625,513	626,275	626,088
City and Borough of Juneau 2011 Two Loan	658,831	657,831	658,831	657,300	659,600	655,200	-	-	-	-
City and Borough of Sitka 2011 Two Loan	407,609	408,009	412,134	410,090	407,590	407,390	411,790	407,690	408,071	411,271
Aleutians East Borough 2011 Three Refunding	833,750	976,625	229,375	229,875	226,000	231,625	230,625	-	-	-
Kenai Peninsula Borough 2011 Three Refunding	1,647,050	1,640,450	1,630,075	1,621,825	1,617,850	967,375	958,750	953,250	-	-
Ketchikan Gateway Borough 2011 Three Refunding	621,250	616,300	618,175	618,800	615,900	616,875	614,000	609,875	-	-
Northwest Arctic Borough 2011 Three Refunding	2,484,400	2,491,900	2,486,775	2,492,025	2,488,875	2,485,000	2,485,000	2,485,625	1,681,000	-
Wrangell 2011 Three Refunding	93,800	41,000	-	-	-	-	-	-	-	-
Kenai Peninsula Borough (Central Hospital) 2011 Three	3,525,050	3,522,125	3,521,750	3,520,000	3,521,000	3,525,500	3,528,625	3,533,750	3,520,875	-
City of Cordova 2011 Three	54,800	57,875	55,625	53,375	56,250	54,000	56,375	-	-	-
City of Hoonah 2011 Three	107,600	114,875	111,625	113,250	90,500	93,125	90,375	92,500	89,500	91,700
Kodiak Island Borough 2011 Three	298,600	300,475	300,975	300,975	301,550	301,625	300,125	298,125	300,500	298,600
Municipality of Skagway 2011 Three	34,350	33,675	37,800	36,800	35,900	35,000	34,000	37,875	36,625	35,500
City of Seward 2011 Three	243,350	244,175	244,300	244,175	244,350	244,275	243,400	242,275	245,775	244,600
City and Borough of Juneau G. O. Refunding 2012 One	1,319,125	1,091,625	-	-	-	-	-	-	-	-
Juneau Wildflower Court Refunding 2012 One	1,702,025	1,344,900	1,418,125	1,486,925	1,555,825	437,725	484,575	534,966	583,463	442,172
Juneau 2012 Two	1,902,150	1,920,400	1,940,250	1,958,400	-	-	-	-	-	-
City of Ketchikan 2012 Two	356,944	354,444	356,644	352,519	352,019	355,894	355,344	354,294	351,544	353,169
Ketchikan Gateway Borough 2012 Two	689,150	686,150	682,350	689,250	681,625	-	-	-	-	-
Kodiak Island Borough 2012 Two	1,449,250	1,449,850	1,439,500	1,447,950	1,439,025	1,442,275	1,433,950	1,433,125	1,433,250	1,435,000
City of Nome 2012 Two	147,300	148,200	148,900	148,825	147,950	146,825	146,100	150,000	133,250	-
City of North Pole 2012 Two	36,550	100,250	102,550	99,400	100,775	101,900	103,200	104,250	99,750	100,125
City of Palmer 2012 Two	111,050	108,050	105,800	108,450	104,850	105,725	106,800	107,625	107,750	107,625
Petersburg Borough 2012 Two	494,000	490,600	496,600	491,075	488,125	488,375	489,750	485,250	468,125	246,000
City and Borough of Sitka 2012 Two	1,455,650	1,456,250	1,460,150	1,456,775	1,455,650	1,456,650	1,451,200	1,453,000	1,450,375	630,375
City of Valdez 2012 Two	341,950	347,850	348,250	351,850	343,725	340,225	342,550	344,125	343,500	317,750
Haines Borough 2012 Three	87,219	85,981	84,744	82,719	85,344	82,844	85,219	87,344	84,344	86,544
Juneau 2012 Three Refunding	909,050	916,950	918,950	928,250	937,125	948,625	947,875	959,750	973,750	-
Juneau 2012 Three School Construction	1,455,375	1,440,838	1,430,600	1,400,375	1,363,625	1,364,875	1,363,125	1,363,250	-	-
Petersburg Borough 2012 Three	101,525	104,838	103,050	105,000	101,500	102,875	104,000	104,875	105,500	101,450
Kenai Peninsula Borough (Bear Creek Fire) 2013 One	97,420	95,620	93,820	97,020	94,520	97,520	95,320	93,120	95,920	92,920
City and Borough of Juneau (Bartlett Hospital) 2013 One	1,652,113	1,657,213	1,659,263	1,665,563	1,661,863	1,661,513	1,666,713	1,665,313	1,667,513	1,668,263
City and Borough of Juneau 2013 One	201,010	202,410	203,610	199,610	204,610	200,210	200,810	201,210	201,410	200,160
Ketchikan Gateway Borough 2013 One	608,150	610,550	607,150	608,150	608,400	607,600	611,000	608,400	-	-
Kodiak Island Borough 2013 One	1,690,140	1,689,740	1,688,140	1,690,340	1,687,590	1,691,790	1,689,390	1,690,590	1,690,190	1,687,690
City of Sand Point 2013 One	183,180	180,580	182,980	180,180	181,680	183,680	180,480	182,280	183,880	184,380
City and Borough of Sitka (Harbor) 2013 One	310,300	309,700	308,900	307,900	310,150	308,550	311,750	309,550	312,150	307,400
City and Borough of Sitka (Electric) 2013 One	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360	1,757,360
City of Homer 2013 Two	289,750	292,050	287,850	288,650	289,300	293,300	291,900	290,300	293,500	294,500
City of Ketchikan 2013 Two	1,064,400	1,069,500	1,069,200	1,068,450	1,072,250	1,069,850	1,071,650	1,072,450	1,077,250	1,079,250
Kodiak Island Borough 2013 Two	1,355,538	1,356,788	1,355,988	1,355,888	1,360,188	1,361,588	1,361,788	1,363,038	1,367,288	1,364,288
Municipality of Skagway 2013 Two	66,950	71,350	70,300	69,250	68,200	71,800	70,200	68,600	72,000	69,750
City and Borough of Juneau 2013 Three	902,325	902,475	903,650	905,450	903,650	902,125	902,000	905,000	902,000	-
Kenai Peninsula Borough	1,628,725	1,627,300	1,626,550	1,625,550	1,626,600	1,627,325	1,628,500	1,627,675	1,630,175	1,630,175
Lake and Peninsula Borough 2013 Three	1,424,450	1,420,088	1,421,950	1,419,850	1,423,900	1,423,250	1,424,250	1,423,500	1,422,000	1,423,375
City and Borough of Sitka 2013 Three	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975	1,274,975
Kenai Peninsula Borough 2014 One	2,958,056	2,956,280	2,956,670	2,960,067	2,960,062	2,959,103	2,955,849	2,957,500	2,958,500	2,958,250
Kodiak Island Borough 2014 One	1,775,663	1,777,113	1,774,713	1,772,713	1,775,113	1,772,113	1,776,363	1,773,113	1,772,613	1,769,613
City and Borough of Juneau 2014 One	403,188	403,838	407,838	404,838	406,538	403,138	404,638	405,638	406,138	406,138
City of Ketchikan Hospital (G.O.) 2014 Two	1,753,700	1,753,700	2,553,700	2,553,700	2,551,700	2,552,700	2,556,450	2,557,700	2,556,450	2,557,700

(continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule 2005 Master Resolution Program - Debt Service Requirements

June 30, 2015

Borrower	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City of Ketchikan Harbor (G.O.) 2014 Two	207,500	203,900	205,300	205,550	205,550	205,300	204,800	209,050	207,800	206,300
City of King Cove Electric 2014 Two	165,250	160,650	161,050	160,050	163,800	42,050	41,050	40,050	39,050	38,050
City and Borough of Juneau 2014 Three	911,838	910,469	909,900	908,400	909,000	911,375	907,625	907,750	911,500	908,875
City and Borough of Sitka 2014 Three	816,250	816,250	816,250	816,250	816,250	816,250	816,250	816,250	816,250	816,250
City of Saxman 2014 Three	12,763	12,681	12,550	12,350	12,125	11,875	11,625	11,375	16,000	15,500
City of Adak Refunding 2014 Three	104,138	107,969	106,000	103,000	104,500	100,500	101,375	102,000	102,375	102,500
Municipality of Anchorage Refunding 2014 Three	294,900	292,950	294,700	294,600	298,500	296,375	294,000	296,250	298,000	294,375
Haines Borough Refunding 2014 Three	426,688	1,196,844	1,196,100	1,198,600	1,195,375	1,191,125	1,194,625	1,190,750	1,189,500	1,190,625
Kenai Peninsula Borough Refunding 2014 Three	64,488	178,769	180,650	180,750	180,000	183,250	181,125	178,750	181,000	177,875
City of Nome Refunding 2014 Three	269,200	266,275	271,350	268,650	269,625	268,125	268,125	266,625	269,500	271,625
Northwest Arctic Borough Refunding 2014 Three	159,825	448,013	445,300	448,200	448,875	447,250	449,750	446,375	447,125	442,000
Petersburg Borough Refunding 2014 Three	143,100	401,475	399,550	398,750	401,000	401,125	400,500	399,125	401,875	398,750
City of Seward 2005 Refunding 2014 Three	37,613	102,206	105,400	107,500	104,125	105,250	106,125	106,750	107,125	102,375
City of Seward 2006 Refunding 2014 Three	118,100	118,100	323,900	320,400	320,475	318,975	316,975	319,350	320,975	321,850
City of Cordova 2015 One New Money	135,821	136,325	134,225	136,725	134,125	136,075	132,575	133,950	135,075	135,950
City of Cordova 2015 One 2005 Refunding	194,569	189,275	193,300	191,200	193,800	-	-	-	-	-
City of Cordova 2015 One 2009 Refunding	537,946	567,300	564,850	566,950	593,350	1,354,000	1,348,500	1,345,875	1,345,875	1,343,375
City of Craig 2015 One New Money	135,990	136,488	134,388	136,888	134,288	136,238	132,738	134,113	135,238	136,113
Aleutians East Borough 2015 One 2006 Refunding	424,423	328,850	276,000	253,100	250,400	251,375	255,750	269,125	169,125	117,500
Ketchikan Gateway Borough 2015 One 2005 Refunding	589,288	583,350	594,200	586,500	-	-	-	-	-	-
Ketchikan 2015 One 2005 Refunding	804,128	797,725	800,700	-	-	-	-	-	-	-
Nome 2015 One 2006 Refunding	88,629	85,975	88,950	91,450	83,950	86,125	87,750	89,125	90,250	86,250
Nome 2015 One 2009 Refunding	20,466	19,700	19,700	19,700	49,100	52,625	50,875	49,125	52,250	50,250
Northwest Arctic Borough 2015 One 2005 Refunding	1,637,307	1,636,200	1,637,600	1,635,100	1,630,400	1,640,000	-	-	-	-
Sitka 2015 One 2005 Refunding	396,269	400,250	397,800	398,100	397,800	-	-	-	-	-
Sitka 2015 One 2008 Refunding	203,908	196,275	196,275	539,275	535,075	533,500	539,125	538,625	537,688	536,000
Unalaska 2015 One 2005 Refunding	395,905	394,975	397,600	397,900	392,700	-	-	-	-	-
Unalaska 2015 One 2009 Refunding	847,629	815,900	815,900	815,900	1,852,438	1,853,125	1,849,844	1,848,994	1,846,138	1,841,825
Wrangell 2015 One 2006 Refunding	242,501	245,625	238,450	240,050	241,250	240,875	-	-	-	-
Cordova 2015 Two	179,705	209,150	211,450	212,650	212,650	212,400	211,900	211,150	213,750	212,500
Skagway 2015 Two	680,524	684,700	683,550	680,150	684,400	682,900	680,900	683,400	683,100	684,600
City and Borough of Juneau 2015 Two (G.O. Refunding)	704,260	698,050	705,350	705,750	708,750	-	-	-	-	-
City and Borough of Juneau 2015 Two (Harbor Refunding)	268,558	362,100	362,100	742,100	738,100	738,350	737,600	740,850	741,650	743,150
Kenai Peninsula Borough 2015 Two	404,856	407,200	402,050	1,097,050	1,097,300	1,090,800	1,092,800	1,092,800	1,091,000	1,093,250
Juneau 2015 Two (Cruise Dock)	1,690,869	1,689,400	1,687,500	1,692,500	1,688,250	1,692,250	1,689,000	1,688,750	1,686,250	1,686,500
Skagway 2015 Two (Port)	362,113	362,738	363,088	361,688	363,438	359,688	360,688	361,188	361,188	360,688
Total Loan Obligation Debt Service	<u>\$ 92,515,057</u>	<u>\$ 93,255,969</u>	<u>\$ 91,567,293</u>	<u>\$ 90,703,592</u>	<u>\$ 85,671,672</u>	<u>\$ 81,956,394</u>	<u>\$ 77,110,315</u>	<u>\$ 76,775,896</u>	<u>\$ 72,186,901</u>	<u>\$ 63,075,684</u>

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule of 2010 Master Resolution Program - Community  
Concentration

June 30, 2015

<u>Borrower</u>	<u>Outstanding Par</u>	<u>Percent of Outstanding</u>
Ketchikan Gateway Borough	\$ 4,295,000	100.00%
Total Outstanding Par	<u>\$ 4,295,000</u>	<u>100.00%</u>

See Independent Auditor's report

ALASKA MUNICIPAL BOND BANK AUTHORITY  
(A Component Unit of the State of Alaska)

Supplemental Schedule 2010 Master Resolution Program - Debt Service Requirements

June 30, 2015

Borrower	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Ketchikan Gateway Borough	\$ 400,544	\$ 400,544	\$ 399,644	\$ 403,444	\$ 400,474	\$ 395,791	\$ 390,819	\$ 385,558	\$ 380,007	\$ 374,168
Total Loan Obligation DS	<u>\$ 400,544</u>	<u>\$ 400,544</u>	<u>\$ 399,644</u>	<u>\$ 403,444</u>	<u>\$ 400,474</u>	<u>\$ 395,791</u>	<u>\$ 390,819</u>	<u>\$ 385,558</u>	<u>\$ 380,007</u>	<u>\$ 374,168</u>

See Independent Auditor's report



### **\$96,210,000 General Obligation Bonds, 2015 Series Three**

Deven Mitchell  
Executive Director  
Alaska Municipal Bond Bank  
P.O. Box 110405  
Juneau, AK 99811

September 16, 2015

Dear Deven:

With the sale of the Alaska Municipal Bond Bank's General Obligation Bonds, 2015 Series Three on August 26, 2015 I have prepared this sale results summary.

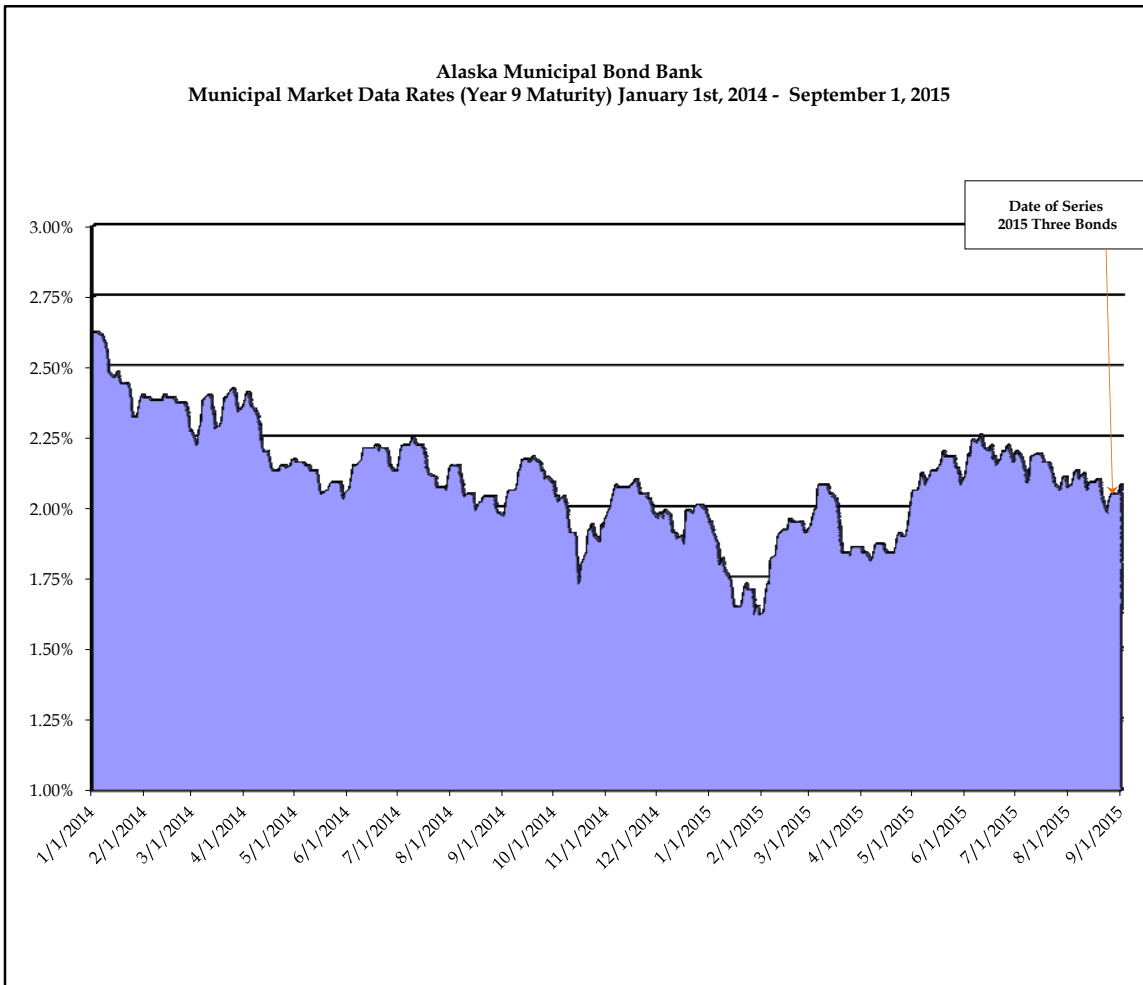
The 2015 Series Three Bonds were sold by negotiated sale to RBC Capital Markets as senior manager with Bank of America Merrill Lynch and Goldman Sachs as co-managers. The table below summarizes the true interest cost, average life and underwriter costs of recent Bond Bank issues, including the 2015 Series Three Bonds. As the table indicates, underwriter compensation remains at very low levels and, after a run up during the summer of 2013, interest rates have traded in a relatively narrow range.

Issue	TIC	Average Life	Underwriter Cost (per \$1,000)
2015 Three	3.6984%	18.153	\$3.56
2015 Two	3.6255	11.732	3.03
2015 One	2.7652	8.173	2.90
2014 Three	3.3368	13.214	3.09
2014 Two	3.7806	18.742	2.75
2014A One	3.5484	12.374	2.94
2014B One	2.2643	4.318	2.52
2013 Three	4.1274	16.753	3.19
2013 Two	3.4048	11.843	3.20
2013 One	3.6056	17.671	3.15
2012 Three	1.7607	6.387	4.50
2012 Two	2.1554	7.149	4.50
2012 One	1.5210	4.928	3.50
2011 Three	2.5669	7.855	4.01
2011 Two	3.2693	8.277	10.92

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From early 2014 through the end of the year, rates followed a downward seesaw pattern that resulted in an overall decline of as many as 100 basis points. From mid-January rates increased 50-70 basis points by early summer in reaction to an improving economy and the consequent concerns about coming Federal Reserve rate actions.

The graph below presents the yield on the nine year maturity of a AAA rated bond according to Municipal Market Data. As the graph demonstrates, the past two years have been characterized by fluctuations in the yields of highly rated bonds, with rates hitting recent lows approximately seven months ago.



The tone of the municipal bond market leading up to the sale was not particularly good. Tax-exempt rates increased between 5 and 10 basis points from the Monday preceding the sale to the pricing date on Wednesday, August 26<sup>th</sup>. In addition, on August 18<sup>th</sup> Standard & Poor's lowered the outlook on the State's credit rating from "stable" to "negative", indicating that the rating agency has increased the chance of that it will downgrade the State's credit rating within the next year. Because of the tie between the Bond Bank's rating and the State's rating, the "negative outlook" applies to the Bond Bank's rating as well. As a result of the combination of increasing rates and the cloud resulting from the S&P rating action, the market receptivity to the Bond Bank issue among institutional investors was weaker than has historically been the case.



The table below presents the AMBB and MMD scales for sample maturities of the 2015 Series Three Bonds with a comparison to the yield spreads to the MMD for the 2013 Series Three through the 2015 Series Two Bonds. The yields have been adjusted to reflect the “yield kick” associated with callable premium bonds. The yield kick reflects the yield of a premium bond assuming that bond is called at its first call date, rather than maturing at the stated maturity date. Callable premium bonds are priced to the earliest call date, so the yield associated with the first call date is a more accurate measure of the true yield facing issuers, and allows an apple-to-apples comparison of discount, par and premium bonds.

The results of the 2015 Three sale continued a trend that began with the 2015 One Bonds in which Bond Bank bonds have traded on a wider basis compared to the MMD AAA index. Credit spreads have widened for all municipal credits in the past six months. In addition, the credit concerns surrounding the State budget deficit magnified the spread associated with the 2015 Three Bonds.

	MMD (8/26/15)	AMBB (2015 III Bonds)	Difference (2015 III Bonds)	Difference (2015 II Bonds)	Difference (2015 I Bonds)	Difference (2014 III Bonds)	Difference (2014II Bonds)	Difference (2014A I Bonds)	Difference (2013 III Bonds)
Year 1	0.23	0.60	.37	.00	.10	.02	.10	.05	.03
Year 3	0.86	1.22	.36	.33	.19	.07	.15	.10	.09
Year 5	1.32	1.78	.46	.40	.27	.13	.19	.14	.10
Year 8	1.92	2.52	.60	.50	.37	.19	.24	.24	.29
Year 12	2.37	3.42	1.05	.87	.89	.61	.55	.59	.63
Year 14	2.55	3.72	1.17	1.01	.91	.80	.65	.73	.75
Year 15	2.63	3.89	1.26	.95	1.01	.86	.68	.76	.76

On the afternoon of August 24<sup>th</sup> members of the working group convened in person and by conference call to discuss the marketing the 2015 Series Three Bonds. The intent of this call was to discuss the condition of the market, the general structure of the financing and the schedule for the pricing. The 2015 Three Bonds were to be sold with semi-annual amortizations, with new money bonds maturing on October 1<sup>st</sup> (totaling approximately \$100 million) and refunding bonds maturing on April 1<sup>st</sup> (totaling approximately \$50 million). The primary components of the new money bonds were the \$87 million loan to the University of Alaska and a total of \$8 million in loans to Kodiak Island Borough. The largest refunding borrowers were Seward (a total of approximately \$25 million of refunding bonds), Dillingham (approximately \$9 million) and the City of Kodiak (approximately \$7 million).

On Tuesday morning, August 25<sup>th</sup> the working group reconvened to discuss the scale for the retail order period, during which only the smaller refunding component (with April maturities) would be offered. At that point, RBC proposed a scale that spread as much as 55 basis points to the MMD AAA scale, which was a spread close to where the Bond Bank has traded in recent years, and would have represented a spread tightening relative to the Bond Bank’s most recent sales.

On Tuesday the underwriters offered the refunding portion of the sale to retail investors while assessing institutional investor interest on the new money October maturities based on the yields at which the refunding maturities were being offered.

Investor response during the retail order period was inconclusive, and the tone of the market continued to worsen. The Bond Bank received a total of \$9.8 million in retail orders, or slightly less than 20% of the bonds being offered during the retail order period. Based on the investor response and the general deterioration of the market, the RBC underwriter recommended yields ranging 0.64% in 2017 to 4.03% in 2038 for the refunding money bonds and 0.78% in 2017 to 4.18% in 2044 on the new money bonds. The difference in yields, particularly in the early maturities, between the refunding and new money issues related to the maturity dates and the steepness of the yield curve inside of 12 years.

On the morning of August 26<sup>th</sup> the working group convened to discuss the coupons and yields that would appear on the pricing wire for the 2015 Three Bonds. Given the generally tepid response from institutional investors on Tuesday, the RBC underwriter proposed widening spreads from the yields offered during the retail order period. For the refunding maturities (principal payments in April) this included 5 basis point adjustments through 8 years, 7 basis point adjustments in 2024 and 2025, an 8 basis point adjustment in 2026, 10 basis points in 2027 and 12 basis points in 2028 and 2029. The 2030 and 2031 bonds would be marketed as 4% coupon bonds along with the 2032 and 2033 bonds at an upward adjustment of 20 basis points. The 2036 and 2038 term bonds would be marketed as discount bonds at increased yields of 8 and 10 basis points respectively. With respect to the 2015 Three Bonds maturing in October (the new money maturities), the RBC underwriter recommended increasing the spread to MMD from 3 to 11 basis points throughout the 29 year structure of the bonds. In addition, RBC recommended marketing the 2026 through 2028 and 2033 through 2036 bonds at a 5.25% coupon, with spreads to MMD ranging from 3 to 5 basis points. WFG recommended reducing the spread to MMD on those maturities by 3 to 4 basis points, reflecting the greater yield kick impact associated with the 5.25% coupon. RBC agreed to these adjustments.

The institutional marketing of the 2015 Three Bonds did not go well. At the conclusion of the order period there were orders for roughly 40% of the total issue, and those orders were concentrated in the early maturities. The longer maturities generally had few, if any, orders. Based on the yield adjustments that were going to be necessary to place the bonds, the working group concluded that proceeding with the refunding portion of the sale did not make sense. Savings levels had fallen below minimum targets and negative arbitrage in the escrow was well in excess of present value savings for the borrowers that were advance refunding prior Bond Bank bonds. The Bond Bank will work with those issuers to attempt to achieve savings on those prior issues in a subsequent Bond Bank bond sale.

Based on investor response, the RBC underwriting team recommended yield adjustments on the new money bonds that averaged approximately 15 basis points from 2017 out, adjusted for some couponing changes in later maturities. At those adjustments, RBC would underwrite approximately \$37 million, or nearly 40%, of issue.

At that point, the Bond Bank team consulted with the University of Alaska and its financial advisor to discuss whether or not to move forward based on what were admittedly significant upward yield adjustments. The University felt that, in spite of the increased rates, the underwriting proposal from RBC and the co-managers allowed the University to achieve the financing objectives associated with its overall plan of

financing. Consequently, the University recommended moving forward, and the Bond Bank provided RBC with the verbal award.

Based on a follow-up call with the RBC underwriter on Thursday, August 27<sup>th</sup>, approximately \$18 million of the balance had been placed the day after the verbal award and the balance has been worked off or distributed to the syndicate members in subsequent days.

The proceeds of the 2015 Series Three Bond sale were provided to four borrowers (the University of Alaska, Haines Borough, Kodiak Island Borough and the City of King Cove) for new money purposes. The table below summarizes the estimated present value savings achieved by the participants to the 2015 Series Three sale.

<b>Borrower</b>	<b>Loan Par</b>	<b>Gross Savings</b>	<b>Present Value Savings</b>
University of Alaska	\$86,085,000	----	----
Haines Borough	1,155,000	154,400	103,500
Kodiak Island Borough (High School)	6,210,000	398,600	279,500
Kodiak Island Borough (Rnwl. & Rplcmt.)	1,780,000	76,400	63,500
King Cove	980,000	351,600	213,700

The bond sale closed on September 16<sup>th</sup> in Seattle. As always, it was a pleasure to serve the Bond Bank on this transaction. If you have any questions, please feel free to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Chip Pierce", with a stylized flourish at the end.

Chip Pierce



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P.O. Box 110405  
Juneau, Alaska 99811-0405

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E-mail: ambba@revenue.state.ak.us

**TO:** AMBBA Board Members  
Mark Pfeffer, Pam Leary, Luke Welles,  
Gregory Gursey, Michael Lamb

**DATE:** December 9, 2015

**FROM:** Deven Mitchell, Executive Director **TELEPHONE:** 465-3750

Following are updates on items not covered in the December 15, 2015 Agenda:

On November 4 I met with Kent Dawson, Nolan Steiner, Jeff Smith and Tim McLeod and discussed the potential of bringing liquefied natural gas to Southeast Alaska and how the project might be financed.

From November 16-18 Ryan and I attended the Fall AGFOA conference.

On November 17 the results of the evaluation committee's review of the bond counsel proposals was tabulated and summarized. The procurement was undertaken as the Bond Bank's long time bond counsel firm of Wohlforth, Brecht & Cartledge disbanded. There were eight proposals submitted which were ranked as follows:

- 83.00 Orrick Herrington
- 82.47 Hawkins Delafield & Wood
- 81.92 Jermain Dunnagan & Owens
- 78.64 Foster Pepper
- 71.89 Dorsey/Vassar
- 65.56 Pacifica Law Group
- 63.69 Ballard Spahr
- 57.29 Stradling Yocca

A contract was executed with Orrick Herrington as a result of the procurement.

On November 20 the Dena' Nena' Henash DBA Tanana Chief's Conference, a regional health organization, submitted an application to the Bond Bank for \$42,483,000 to refinance the Chief Andrew Isaac Health Center. We will be working on a plan of finance and plan to present the application to the board for consideration in January.

On December 1 Ryan Chip and I spoke with representatives of the Maniilaq regional health organization regarding the potential of participating in the financing of a daycare facility in Kotzebue. We are doing further research to determine if this is possible under the statutory framework.

On December 8 Ryan, Susan, Chip and I participated in a call with the City of King Cove and Alaska Energy Authority to help determine what actions are required from King Cove and how the prospective AEA loan may be layered in with the Bond Bank pre-existing loans.